

LOCAL AGENCY FORMATION COMMISSION

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LEGAL COUNSEL

CLARK H. ALSOP

September 7, 2007

To: INTERESTED INDIVIDUALS AND ORGANIZATIONS

RE: NOTICE OF PREPARATION OF ENVIRONMENTAL IMPACT REPORT FOR THE CONSOLIDATION OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT AND THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (LAFCO 3076)

The Local Agency Formation Commission for San Bernardino County (hereinafter "LAFCO" or the "Commission") will be coordinating the preparation of an Environmental Impact Report (EIR) for LAFCO 3076 — Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District. If LAFCO 3076 is approved by the Commission, the San Bernardino Valley Water Conservation District would cease to exist as a separate entity and its current functions would be consolidated with those of the San Bernardino Valley Municipal Water District for future execution.

A Notice of Preparation (NOP), including an Initial Study, has been prepared by LAFCO's Environmental Consultant that describes the proposed environmental issues that will be evaluated in the EIR to be prepared for LAFCO 3076. A copy of the NOP is available for public review at the LAFCO office at 215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490 and on the Commission's website at www.sbclafco.org. Office hours are 8:00 AM – 5:00 PM, Monday through Friday.

The public review period for the NOP will be from September 7, 2007 to October 8, 2007.

Written comments on the NOP should be submitted within the public review period to Ms. Kathleen Rollings-McDonald, the Commission's Executive Officer, at 215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490, fax number (909) 383-9901.

In addition to receiving written comments, LAFCO will be conducting a public scoping meeting. At this meeting interested parties can submit verbal or written comments regarding the scope of issues to be addressed in the EIR. This meeting will be held on September 26, 2007, in the Joshua Room, County Government Center, 385 North Arrowhead Avenue, 1st Floor, San Bernardino, CA 92415, at 3:30 pm.

Sincerely,

KATHLEEN ROLLINGS-McDONALD

Executive Officer

Notice of Completion

State of California Office of Planning and Research 1400 Tenth Street Sacramento, CA 95814

LAFCO 3076 - Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District

Project Title

The boundary of the WCD includes portions of the cities of San Bernardino, Highland, Yucaipa, Redlands, Loma Linda and Colton, as well as unincorporated areas of San Bernardino County. The study area to be consolidated is the existing WCD that encompasses a total of approximately ± 77.9 square miles and is generally bordered as follows: on the east by a combination of parcel boundaries and full and partial section lines generally east of Waterman Avenue within the Cities of San Bernardino and Colton; on the north generally by the San Bernardino National Forest boundary; on the east by a combination of parcel boundaries and full and partial section lines within the Mentone and Crafton Communities; and on the south by a combination of parcel boundaries and full and partial section lines within the cities of Redlands, Loma Linda and Colton, excluding the area of the Santa Ana River from approximately the Guthrie Interchange easterly to the State Highway 30 bridge.

The MWD boundary encompasses approximately ±352.2 square miles and is generally bounded by the Sphere of Influence/boundary of the Inland Empire Utilities Agency (formerly known as the Chino Basin Municipal Water District) on the west, the Crestline-Lake Arrowhead Water Agency and the Big Bear Municipal Water District boundaries on the north; section, quarter section and half section lines on the east; and parcel boundaries along the south, which include a portion of the Riverside/San Bernardino County line. This boundary includes the entirety of the boundaries of the WCD. Included within MUNI area are all or portions of the cities of Rialto, Fontana, Colton, San Bernardino, Grand Terrace, Loma Linda, Highland, Redlands, and Yucaipa. This boundary also encompasses all or portions of the communities of Bloomington, Mentone, Oak Glen, Lytle Creek, Muscoy, Barton Flats, and Reche Canyon (within San Bernardino and Riverside Counties).

Project Location - Specific

San Bernardino, Highland, Redlands & Loma Linda San Bernardino County

Project Location - City Project Location - County

Description of Nature, Purpose, and Beneficiaries of Project

The action being considered in this environmental document is "LAFCO 3076 - Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District." If LAFCO 3076 is approved by the Commission, the WCD would cease to exist as a separate entity and its current functions would be consolidated with those of the MWD for future implementation.

San Bernardino County Local Agency Formatio	n Commission N/A
Lead Agency	Division
Local Agency Formation Commission, 215 North	th "D" Street, Suite 204, San Bernardino, CA 92415
Address Where Copy of Initial Study is Available	
September 7, 2007 through October 7, 2007	
Review Period	
Ms. Kathleen Rollings-McDonald	909/383-9900
Contact Person	Area Code / Phone / Extension

Notice of Completion and Environmental Document Transmittal Form Mail to: State Clearinghouse, 1400 Tenth Street, Sacramento, CA 95814 — 916/445-0613

	See NOTE below	
SCH#		

1.	Project Title: <u>LAFCO 3076</u> -	- Consolidation of the San Berna	ırdino Valley Water	Conservati	on District and the San B	ernardino Valley Municipal Water District
2.		ino County Local Agency Form	3.	Contact Person Ms	s. Kathleen Rollings-McDonald	
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5a.	Cross Streets N/A				Rural, Nearest Communi	
6.	Within 2 miles: 6a. Stat	e Hwy # <u>38</u>			orts Redlands Airport	
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7.	Document Type					
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	02. Early Cons	(Prior SCH No.:		10.	□ FONSI	14. Final Document
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	04. Draft EIR	07. M NOC		12.	□ EA	
		08. □ NOD				
8.	Local Action Type					
01.		05. Annexation		Rezone		12. Waste Mgint Plan
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03.	☐ General Plan Amendment	07. Community Plan		Parcel Map	, Tract Map, etc.)	14. Other: <u>LAFCO/Agency</u>
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03.	☐ Shopping/Commercial	Sq.ft. Acres			□ Waste Treatment:	Туре
04.	☐ Industrial:	Sq.ftAcres	Employees	10.	□ OCS Related	
05.		MGD N/A		11.	Other: Consolidation	on of Water Management Agencies
06.	☐ Transportation:	Туре	·			
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	☐ Air Quality	11. Minerals			□ Solid Waste	27. Growth Inducing
	☐ Archaeological/Historical	12. □ Noise			□ Toxic/Hazardous	28. Incompatible Land Use
	□ Coastal Zone	13. 🔳 Public Servi	ices		☐ Traffic/Circulation	29. Cumulative Effects
06.	□ Economic	14. □ Schools			■ Vegetation	30. □ Other
07.	☐ Fire Hazard	 Septic Syste 	ems	23.	Water Quality	7777744
08.	☐ Flooding/Drainage	 □ Sewer Capa 	city	24.	■ Water Supply	
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6.	Signature of Lead Agency Re	epresentative <u>Mutul</u>	IX Hly	MA IN	relet	Date

Notes:				
Date to SCH				
Date to Agencies	Consultant			
Date Review Starts				
For So	CH Use Only: Catalog Number			
Water Quality	□ Other			
Water Rights	■ Other <u>Dept. of Health Services</u> , Water Supply			
RWQCB: Region #8	Forest Service			
SWRCB: Sacramento	Bureau of Land Management			
Solid Waste Management Board	□ OPR — Coastal			
Air Resources Board	□ OPR — OLGA			
State Lands Commission	□ TRPA			
Energy Commission	☐ Santa Monica Mountains			
Coastal Commission	□ OLA			
S.F. Bay Cons. And Dev't. Commission	□ General Services			
Native American Heritage Commission	□ Corrections			
Office of Historic Preservation	□ Public Works			
Parks and Recreation	□ Public Utilities Commission			
Reclamation	Food and Agriculture			
Dept. Water Resources	□ Health			
Colorado River Board	□ Statewide Health Planning			
Forestry	☐ Housing and Community Dev't.			
Fish and Game	□ California Highway Patrol			
Conservation	□ Aeronautics			
Boating / Waterways	□ Dept. of Transportation Planning			
Resource Agency	Caltrans District 8			

Reviewing Agencies

INITIAL STUDY

FOR

CONSOLIDATION OF THE SAN BERNARDINO VALLEY WATER CONSERVATION AND SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT LAFCO #3076

Prepared for:

Local Agency Formation Commission

215 North "D" Street, Suite 204 San Bernardino, California 92415-0490

Prepared by:

Tom Dodson & Associates

2150 North Arrowhead Avenue San Bernardino, California 92405

September 2007

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Attachment 1 - Copy of the Plan for Service

Attachment 2 - Comment Letters

PROJECT DESCRIPTION

Introduction

On March 15, 2006, the Local Agency Formation Commission (LAFCO) for San Bernardino County approved Resolution No. 2893 that made certain determinations on LAFCO 2919, a Service Review and Sphere of Influence update for the San Bernardino Valley Water Conservation District (WCD). The Commission made the following determinations as part of its decision:

"Whereas, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by the Commission, it is determined that the sphere of influence for the San Bernardino Valley Water Conservation District shall be reduced to a "zero" sphere of influence with the direction that the consolidation of the District with the San Bernardino Valley Municipal Water District should be pursued;" and

"The establishment of a zero sphere of influence is proposed to point toward the consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District to better serve the whole of the Bunker Hill Basin which supports the populations identified above."

In November 2006, the San Bernardino Valley Municipal Water District (MWD) submitted an application to LAFCO requesting the consolidation of the two districts. LAFCO assigned this application a proposal tracking number, LAFCO 3076, for processing purposes. Thus, the action being considered in this environmental document is "LAFCO 3076 - Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District." If LAFCO 3076 is approved by the Commission, the WCD would cease to exist as a separate entity and its current functions would be consolidated with those of the MWD for future implementation.

In an ideal world, the proposed consolidation would accomplish two key objectives: (1) a totally neutral shift of revenues between the existing districts and the proposed consolidated district; and (2) existing services and service levels provided by the agency being eliminated, the WCD, would not be adversely changed or affected as a result of the consolidation. Understanding the implications of both of these objectives is essential to forecasting the potential environmental effects of approving LAFCO 3076.

Most LAFCO actions do not have any direct adverse environmental effects, unless the proposal before the Commission is an essential step leading to the development of a specific project, such as a residential subdivision or commercial project. With regard to LAFCO 3076, there is a project being proposed that some organizations, including the WCD, believe may adversely affect certain environmental resources as a result of approving this proposed consolidation. Although the potential for <u>direct</u> physical consequences from approving the LAFCO 3076 is considered low, i.e., the residual agency would continue the same general actions and policies as the agency being consolidated, substantial controversy over this issue resulted in the LAFCO Staff concluding that an environmental impact report (EIR) should be prepared on the consolidation at its February 20, 2007 Department Review Committee meeting. This Initial Study is being prepared to evaluate the environmental issues and determine which issues need to be carried over and evaluated as part of the EIR that will be prepared for this project.

This recommendation reflects the position of those agencies that have stated their opposition to the change based on potential <u>indirect</u> effects that may occur if consolidation occurs. This position reflects a belief that the consolidated agency, the MWD, would not act in the same manner with regards to resources as the WCD. The basic information provided in this project description consists of the existing powers and duties of each of the two districts; a description of ongoing activities of the WCD; and the plan for service and additional material submitted by the MWD. This is followed by the specific concerns raised by the WCD about the consolidation and then the environmental evaluation, utilizing the standard Initial Study Environmental Checklist Form. This document will then be used as the basis for issuing a Notice of Preparation of an EIR for LAFCO 3076.

Project Location

The general location of both agencies occur in the eastern portion of the San Bernardino Valley. Figure 1 shows the regional location. Figure 2 shows the current boundaries of both agencies. The WCD boundaries would be eliminated. No boundary change is proposed for the MWD as the WCD boundary is totally within that of the MWD.

LAFCO defines the agencies' boundaries in the following manner:

The boundary of the WCD includes portions of the cities of San Bernardino, Highland, Yucaipa, Redlands, Loma Linda and Colton, as well as unincorporated areas of San Bernardino County. The study area to be consolidated is the existing WCD that encompasses a total of approximately ±77.9 square miles and is generally bordered as follows: on the east by a combination of parcel boundaries and full and partial section lines generally east of Waterman Avenue within the Cities of San Bernardino and Colton; on the north generally by the San Bernardino National Forest boundary; on the east by a combination of parcel boundaries and full and partial section lines within the Mentone and Crafton Communities; and on the south by a combination of parcel boundaries and full and partial section lines within the cities of Redlands, Loma Linda and Colton, excluding the area of the Santa Ana River from approximately the Guthrie Interchange easterly to the State Highway 30 bridge.

The MWD boundary encompasses approximately ±352.2 square miles and is generally bounded by the Sphere of Influence/boundary of the Inland Empire Utilities Agency (formerly known as the Chino Basin Municipal Water District) on the west, the Crestline-Lake Arrowhead Water Agency and the Big Bear Municipal Water District boundaries on the north; section, quarter section and half section lines on the east; and parcel boundaries along the south, which include a portion of the Riverside/San Bernardino County line. This boundary includes the entirety of the boundaries of the WCD. Included within MUNI area are all or portions of the cities of Rialto, Fontana, Colton, San Bernardino, Grand Terrace, Loma Linda, Highland, Redlands, and Yucaipa. This boundary also encompasses all or portions of the communities of Bloomington, Mentone, Oak Glen, Lytle Creek, Muscoy, Barton Flats, and Reche Canyon (within San Bernardino and Riverside Counties).

Figure 2 shows the existing boundaries of both Districts.

Project Characteristics

In order to evaluate the effects of consolidating the WCD with the MWD, the first step is to define the services that are being provided by each District and their respective powers authorized by the California Water Code. Much of the following data is abstracted from the Plan for Service submitted by the MWD on November 15, 2006 to LAFCO. Some modifications are made in the data based on comments submitted by the WCD in an April 5, 2007 letter. A copy of the Plan for Service is provided as Attachment 1 to this document.

Authorized Services

Table 1 below reproduces Table 3.1 of the MWD's Plan for Service and identifies the services authorized for each agency by the California Water Code, with one modification. The WCD suggested addition of the last service in column 1, "Make surveys and investigations of water supply and resources." The WCD also provided specific reference to the

Water Code section authorizing the specific services as shown in Table 1. This requested change has been augmented by LAFCO staff to reflect the precise language within Water Code Section 74520.

Table 1
MUNI PLAN FOR SERVICE

Service	Water Conservation District Law	Municipal Water District Law of 1911
Appropriate, acquire and conserve water and water rights	Yes 74521, 74522	Yes 71610 (store, spread, sink, recycle, recapture), 71691
Sell, deliver and distribute water	Yes 74526	Yes 71611, 71612
Construct, operate and maintain hydroelectric power facilities	Yes 74510	Yes 71662, 71663
Flood Control	Yes 74524	No
Construct, acquire, maintain and operate recreational facilities	Yes 74540	Yes 71660
Implement Urban Water Conservation Programs	No	Yes 71610.5
Make surveys and investigations of water supply and resources of the District	Yes 74520	No

The only difference in authorized services or functions between the two agencies are "Flood Control" and "Make surveys and investigations of water supply and resources of the District." The Plan for Service described the flood control issue in the following manner: flood control is the only function that conservation districts are authorized to perform that is not included in those authorized for municipal water districts. However, in respect to the proposed consolidation, the Conservation District does not provide flood control services beyond those indirectly derived as a consequence of its standard water recharge functions, or has it provided evidence to LAFCO that there is a need for it to provide this latent service in the future. Further, the San Bernardino County Flood Control District currently provides complete and reliable flood control services to the entirety of the Conservation District service area. Thus, the lack of flood control service authority on the part of the MWD does not appear to be a major service constraint.

Subsequent information provided by the WCD added the authorized service to make surveys and investigations of water supply and resources of the District. As submitted in its April 5, 2007 letter, the WCD concluded that the Municipal Water District Law of 1911 did not contain a specific authorization for municipal water districts to provide this service. This issue was discussed with MWD and it was concluded that specific authorization for the MWD to make surveys and investigations of water supply and resources is not contained in the Law of 1911, but it is implied because it is essential to carry out its other services. The MWD does conduct surveys and investigations related to water supply and resources (see pages 8 and 9 of the Plan for Service), if for no other reason, in its role as a representative to the Watermaster Committee for the Bunker

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Hill Basin. Thus, the implicit service function to this issue does not serve as a service constraint from MWD.

The only other difference in service authorization is that the WCD does not have authority to "Implement Urban Water Conservation Programs." However, since this is not a service function being carried out by the WCD, and it is a function currently provided by MWD. It does not have any environmental consequences.

Authorized Administrative Powers

Table 2 below reproduces Table 3.2 of the MWD's Plan for Service and identifies the services authorized for each agency by the California Water Code, with one modification. The WCD suggested addition that last service in column 1, "Make surveys and investigations of water supply and resources." LAFCO staff has clarified this service to reflect the exact language of Water Code Section 74520. The WCD also provided specific reference to the Water Code section identifying the specific powers as shown in Table 2.

Table 2
MUNI PLAN FOR SERVICE

Power / Authority	Water Conservation District Law	Municipal Water District Law of 1911		
Enter into contract for water and other related facilities	Yes 74501, 74591	Yes 71592, 71691		
Issue bonds	Yes 74507	Yes 71800 et seq.		
Levy and collect a Groundwater Charge	Yes 74508	No		
Set water rates	Yes 74527	Yes 71614-16		
Exercise the right of eminent domain	Yes 74550, 74553	Yes 71690-94		
Commence, intervene in proceedings related to water rights adjudication	Yes 74641, 74643	Yes 71751, 71757		
Exercise powers expressly granted or necessarily implied	Yes 74501	Yes 71590, 71592		
Make surveys and investigations of water supply and resources of the District	Yes 74520	No		

The administrative powers authorized to the two Districts are comparable. The only notable differences are that the MWD does not have the authority to "Levy and collect a Groundwater Charge" and to "Make surveys and investigations of water supply and resources of the District." The MWD acknowledges that it will not be able to continue the levy of a groundwater production charge as is currently in effect under the WCD. The MWD indicates that the loss of this power will

not significantly effect the service functions of a consolidated district based on data provided in Section 5 of the Plan for Service. That data demonstrates that other revenue sources are adequate to provide for all services. In effect, the MWD believes that all the current services can continue to be provided on its available powers and the consolidated financing tools.

Regarding the survey and investigation issue, the MWD actually does conduct such studies under the implied powers of the Municipal Water District Law of 1911, so this lack of specific power does not affect the MWD's ability to carry out this service function, as discussed above. The data indicate that MWD has sufficient powers under the Law of 1911 to carry out the current services being implemented by the WCD.

Current Services

Table 3 contains a list of current services that the WCD is either providing or in which it is participating. According to the Plan for Service, the MWD is a part to or a lead agency for many of the services and activities performed by the Conservation District. According to the MWD Plan of Service, all of these existing activities would be transferred from the WCD to the MWD and all services would be maintained, either directly by the MWD or through transfers to other parties. For example, the WCD's Mill Creek recharge facilities would be transferred back to the City of Redlands for continued maintenance and operation of these recharge facilities. The MWD indicates that none of these services would be changed and all would continue to be fulfilled with the consolidation. The detailed manner in which these services would be provided is outlined in Chapters 3 and 4 of the Plan for Service, and according to the MWD, these services can be provided in a more cost-effective and efficient manner than currently provided by the WCD.

Table 3
LIST OF CURRENT SERVICES WCD PROVIDING OR PARTICIPATING

Service / Authority	Result of Consolidation
Surface Water Rights	Santa Ana River and Mill Creek Water Rights transferred to Valley District.
Recharge Facility Operations and Maintenance	Valley District continues maintenance operations of the Santa Ana River facilities. Mill Creek property transferred back to the City of Redlands for continued operations.
Mining Leases	Transferred to Valley District for administration.
Upper Santa Ana River Wash Plan (Plan B)	Valley District accepts lead agency role and completes project.
Santa Ana River - Mill Creek Cooperative Water Project Agreement (Project Manager)	Valley District requests, as a Party to the Agreement, that the Management Committee assign a new Project Manager as described in the CWP Agreement.
Big Bear Watermaster	Valley District replaces Conservation District on Watermaster Committee
High Groundwater Mitigation and Integrated Management Program Demonstration Projects	Valley District continues in its leadership role for these projects.
Drought Mitigation Project	Conservation District removed funding from project.

Service / Authority	Result of Consolidation
Integrated Regional Groundwater Management Plan / Water Facilities Master Plan	Valley District continues in its leadership role. Conservation District's projects integrated into Valley District's IRGMP projects.

Controversy and Environmental Issues of Concern

As noted in the introduction of this document, most LAFCO projects that involve consolidations only result in changes in the physical environment if the services can no longer be provided, because of budget or other reasons, or if the services will be reduced to a point that the service no longer achieves its purpose or function. Under normal circumstances and based on the data in the Plan for Service provided by the MWD, LAFCO would conclude that the consolidation of the WCD with the MWD would not result in direct or indirect changes in the physical environment that could be considered potentially significant. Relying on such a conclusion, LAFCO would typically issue a finding that LAFCO 3076 is statutorily exempt as defined in the California Environmental Quality Act (CEQA) under Section 15061(b)(3) of the State CEQA Guidelines, which states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."

However, in a letter submitted to LAFCO in September 2005, during its consideration of LAFCO 2919 - Municipal Service Review and Sphere of Influence Update for the WCD, the WCD raised several issues that it concludes would result in potential significant effects on the environment through consolidation. This letter was supplemented by additional letters submitted to LAFCO in 2007 from the City of Highland, January 17, 2007 and the Center for Biological Diversity, January 17, 2007. Copies of these letters are provided as Attachment 2 to this document. The key issues raised in these comment letters are: a reduction in the volume of groundwater recharged to the Bunker Hill Basin based on MWD's commitments in a Memorandum of Understanding between Muni, Western and the City of Riverside; a claim that consolidation would have the effect of reducing available diversions from the Santa Ana River for recharge from 39,600 acre-feet per year to 10,400 acre-feet per year; degradation of water quality due to import of additional State Water Project water by MWD; indirect changes in groundwater management may impact in-stream flows, contaminant plumes and biological resources.

Other issues raised include: replacing the groundwater assessment with property taxes would eliminate incentive to limit groundwater withdrawals; possible delays in or failure to implement the Upper Santa Ana River Wash Land Management Plan (Plan B), a major project to balance mining, water conservation, and habitat conservation for endangered species (an indirect biological resource impact); a reduction in volume of surface water in the Santa Ana River between Seven Oaks Dam and the Cuttle Weir; and the need for an EIR to impose mitigation to ensure a continued commitment to the ongoing services of the WCD.

Given that these issues raise "fair argument" concerns regarding the Statutory Exemption or Negative Declaration for the consolidation, LAFCO determined that an environmental impact report (EIR) is needed and will be prepared prior to a decision on LAFCO 3076. As a result, the attached

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Initial Study has been prepared to determine the appropriate issues for evaluation in an EIR. Based on the findings in this study, LAFCO will issue a Notice of Preparation of an EIR for public distribution.

For the purpose of analysis in this document, it is assumed that no new facilities are proposed by the MWD that would result in immediate physical changes to the environment. The impacts identified by the WCD above address the potential for changes in operations to cause physical changes in the environment relative to the existing operations of the WCD. No specific changes in facilities have been identified, and it is assumed that, if the consolidation is approved, prior to modifying any existing facilities or construction of new facilities, the MWD would have to conduct a separate environmental review for compliance with the California Environmental Quality Act. However, the Valley District does have an approved EIR for the Santa Ana River Water Rights and associated facilities that includes certain modifications and enhancements that include WCD facilities. This is not part of the consolidation action and is being implemented independent of the proposed consolidation. This is consistent with the WCD's existing circumstances, as it is conducting an environmental review of the Upper Santa Ana River Wash Land Management Plan (Plan B) at the current time. Any other future changes in physical facilities or operations by either agency would require such compliance with CEQA. Thus, the EIR that will be prepared for this project will focus on the direct changes in operations, if any, identified by the WCD and such indirect effects as might be attributed to any operational changes that may be identified in the EIR.

This concludes the project description. If LAFCO provides the approval needed, the project will be implemented as outlined above and the WCD will be consolidated with the MWD. MWD would then be responsible as outlined in the Plan for Services for carrying out the services identified above. The remainder of this Initial Study consists of the most recent CEQA Environmental Checklist Form and the substantiation required to support the conclusions presented in this Form. A final environmental determination will be made following the appropriate public review of the EIR and completion of a Final EIR. Any comments received on this Initial Study and Notice of Preparation will be reviewed and considered by LAFCO when it establishes the final scope of the EIR. The Environmental Checklist follows.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

Aesthetics		Agriculture Resources		Air Quality
Biological Resources		Cultural Resources	ū	Geology & Soils
Hazards & Hazardous Materials		Hydrology & Water Quality		Land Use & Planning
Mineral Resources		Noise		Population & Housing
Public Services		Recreation		Transportation / Traffic
Utilities & Service Systems	П	Mandatory Findings of Significance		

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DETER	MINATION: (To be completed by the	Lead Agency)		
On the b	pasis of this initial evaluation, the folk	owing finding is made:		
	The proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.			
	Although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent or adequate mitigation has been provide to reduce potential impacts below a level of significance. A MITIGATED NEGATIVE DECLARATION will be prepared.			
	The proposed project MAY have ENVIRONMENTAL IMPACT REP	a significant effect on the environment, and ar DRT is required.		
	significant unless mitigated" impact been adequately analyzed in an ear and (2) has been addressed by m	e a "potentially significant impact" or "potentially ton the environment, but at least one effect (1) has lier document pursuant to applicable legal standards itigation measures based on the earlier analysis as ENVIRONMENTAL IMPACT REPORT is required that remain to be addressed.		
	because all potentially significant en EIR or NEGATIVE DECLARATION avoided or mitigated pursuant to	ould have a significant effect on the environment fects (a) have been analyzed adequately in an earlied pursuant to applicable standards, and (b) have been that earlier EIR or NEGATIVE DECLARATION easures that are imposed upon the proposed project		
(signatu		9-6-07 Date		
Kathli	d by Tom Dodson & Associates	9/6/07		
(signatu	re) /	Date '		

LAFCO Executive Officer

ENV	IVIRONMENTAL CHECKLIST:		Less than Significant with	Less than Significant	No
I.	AESTHETICS – Would the project:	Impact	Mitigation Incorporation	Impact	Impact
a.	Have a substantial adverse effect on a scenic vista?				i contra
b.	Substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?				
C.	Substantially degrade the existing visual character or quality of the site and its surroundings?				100
d.	Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?				Sylvania

a-d. No Impact. The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, this action has no potential to have an impact on any aesthetic characteristics within the project area. Therefore, the approval of proposed consolidation of the two agencies has no potential to cause any direct or indirect substantial alteration of the visual character and setting of the project compared with what would occur without the project. Further, the proposed project is not forecast to degrade visual resources, impede scenic vistas, or modify any night lighting in a manner that could cause substantial light or glare impacts that would affect either day or nighttime views within the project area. With no identified potential significant aesthetic impacts, no mitigation is required.

Conclusion

Based on the analysis presented above, aesthetic issues have no potential to experience significant adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the aesthetic issues will not be carried forward into the EIR that will be prepared for this project. All aesthetic issues are forecast to experience less than significant impacts if the project is approved and implemented.

11.	AGRICULTURE RESOURCES – Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact	
a.	Convert Prime Farmland, Unique Farmland or Farmland of Statewide Importance (Farmland) to non-agricultural use?					
b.	Conflict with existing zoning for agricultural use or a Williamson Act contract?					
C.	Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use?					

- a&b. **No Impact.** The project area contains limited farmlands as agriculture has been slowly being replaced by urban and suburban development. Consolidation of the two districts without any identifiable direct physical modifications to the residual agricultural resources located in the project area results in a finding that this project has no potential to directly convert prime farmland, unique farmland, or farmland of statewide importance to non-agricultural use. The project also has no identifiable potential for a direct conflict with existing zoning for agricultural uses or a Williamson Act contract. No changes to the existing land use can occur in conjunction with approval of this project, and therefore, it has no potential to cause the conversion of farmland to non-agricultural uses. No direct impact to agricultural resources can be identified and no mitigation is required.
- c. **Potentially Significant Impact.** One of the issues raised by the WCD as a potential indirect impact of possible changes in operations by the MWD following consolidation is an effect on water resources available to the water users of the project area. Although the potential for such operational changes to significantly impact water supply to agricultural users appears low, this issue needs to be fully examined to determine whether a significant indirect effect on the remaining agricultural activities in the project area may occur. Therefore, the indirect effect of potential operational changes on water supply to agricultural activities will be examined in the EIR.

Conclusion

Based on the analysis presented above, agricultural issues have no potential to experience direct significant adverse impacts through implementation of the consolidation of the WCD with the MWD. However, water resource and water supply issues have been identified as possibly experiencing a significant adverse effect as a result of future changes in operations by the MWD. Since such changes in availability of water supply may have an indirect significant adverse impact on the remaining agricultural activities in the project area, this issue will be examined as part of the larger water resource and water supply issues in the EIR that will be prepared for this project. With no potential to directly impact or remove existing agricultural as a result of consolidation, these issues will not be carried forward into the EIR that will be prepared for this project.

		Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
III.	AIR QUALITY – Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:	impuot	Winguton mediporation	присс	прасс
a.	Conflict with or obstruct implementation of the applicable air quality plan?	Q			
b.	Violate any air quality standard or contribute substantially to an existing or projected air quality violation?				
C.	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?				
d.	Expose sensitive receptors to substantial pollutant concentrations?				
e.	Create objectionable odors affecting a substantial number of people?				boses.

a-e. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, this action has no potential to have any direct or indirect impact on any air emissions or air quality within the project area. Therefore, the approval of proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect air emissions that would have a potential to degrade air quality, expose sensitive receptors to substantial pollutant concentrations or create any objectionable odors. Further, the proposed project does not encompass any changes in activities which could be in conflict with or obstruct the implementation of any adopted air quality plan. With no identified potential significant air quality impacts, no mitigation is required.

Conclusion

Based on the analysis presented above, air quality issues have no potential to experience significant adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the air quality issues will not be carried forward into the EIR that will be prepared for this project. All air quality issues are forecast to experience less than significant impacts if the project is approved and implemented.

		Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
IV.	BIOLOGICAL RESOURCES – Would the project:				
a.	Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				
b.	Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				
C.	Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				
d.	Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				
e.	Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				
f.	Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				

a-d

& f. Potentially Significant Impact. One of the issues raised by the WCD and the Center for Biological Diversity is that a potential indirect impact to biological resources may occur due to possible changes in operations by the MWD. As noted this potential would occur through two mechanisms, first due to modifications in water resource management and second due to delays or failure to implement the Upper Santa Ana River Wash Land Management Plan (Plan B). Although the potential for such operational changes and transfer of responsibility to MWD for processing Plan B to a decision appears to have a remote potential to cause biological resource impacts given the Plan of Services by the MWD, this issue needs to be fully examined to determine whether a significant indirect effect on the biological resources in the project area may occur. This will include possible indirect effects on the critical habitat designations (habitat conservation plans, including Plan B) for several species that are known to occur in the project area, such as the San Bernardino kangaroo rat, Santa Ana Woolly Star, and others. Note

that no direct impacts on biological resources are forecast to result from implementing the consolidation as no direct physical changes in the environment are proposed at this time. Therefore, the indirect effect of potential operational changes on water supply and on processing the Plan B program to biological resources will be examined in the EIR.

e. **No Impact.** The proposed consolidation action does not include any direct physical modifications to the existing facilities, so no potential exists for this project to conflict with local ordinances protecting biological resources. Consolidation of the two districts without any identifiable direct physical modifications to the existing biological resources located in the project area eliminates a potential for conflict with local policies or ordinances protecting biological resources, such as tree preservation or protection ordinances. Thus, the project also has no identifiable potential for a direct conflict with local ordinances for protecting biological resources. No direct conflicts with such ordinances can be identified and no mitigation is required.

Conclusion

Based on the analysis presented above, biological resources have no potential to experience direct significant adverse impacts as a result of implementing the consolidation of the WCD with the MWD. However, water resource and water supply issues and procedural processing of Plan B have been identified as possibly experiencing a significant adverse effect as a result of future changes in operations by the MWD. Since such changes in availability of water supply may have an indirect significant adverse impact on biological resources in the project area, this issue will be examined as part of the larger water resource and water supply issues in the EIR that will be prepared for this project. With no potential to directly impact or remove existing biological resources as a result of consolidation, this issue will not be carried forward into the EIR that will be prepared for this project.

V.	CULTURAL RESOURCES – Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?				
b.	Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?				
C.	Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				
d.	Disturb any human remains, including those interred outside of formal cemeteries?			۵	

a-d. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either directly or indirectly, this action has no potential to have any direct or indirect impact on any cultural resources within the project area. Therefore, the approval of proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect activities that would have a potential to disturb or otherwise damage any historical, prehistorical, paleontological or human remains resources. With no identified potential significant cultural resource, no mitigation is required.

Conclusion

Based on the analysis presented above, cultural resources issues have no potential to experience significant direct or indirect adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the cultural resource issues will not be carried forward into the EIR that will be prepared for this project. All cultural resource issues are forecast to experience less than significant impacts if the project is approved and implemented.

			Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
VI.	GEO	LOGY AND SOILS – Would the project:	·		·	·
a.	adve	se people or structures to potential substantial rse effects, including the risk of loss, injury, or involving:				
	•	Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault?	a			2007 2007 2007 2007 2007 2007 2007 2007
	•	Strong seismic ground shaking?				
	•	Seismic-related ground failure, including liquefaction?	J			
	•	Landslides?				
b.	Resu	alt in substantial soil erosion or the loss of bil?				
C.	or that proje lands	cated on a geologic unit or soil that is unstable, at would become unstable as a result of the ct, and potentially result in onsite or offsite slide, lateral spreading, subsidence, liquefaction llapse?				
d.	1-B c	cated on expansive soil, as defined in Table 18 of the Uniform Building Code (1994), creating tantial risks to life or property?				
e.	use o	e soils incapable of adequately supporting the of septic tanks or alternative waste water osal systems where sewers are not available for isposal of waste water?				

a. No Impact. The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to have any direct or indirect impact on any geology and soils issues within the project area. Therefore, the approval of proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect activities that would have a potential to disturb or otherwise damage any of the following geology and soil issues:

- Faults do pass through the project area and in fact create critical boundaries (San Jacinto Fault
 and the barrier which defines the western boundary of the Bunker Hill Basin), however, the
 proposed project will not build new facilities or modify existing facilities that might be impacted
 by any fault rupture activities. Further, no operational changes have been identified that could
 influence existing faults or future seismic activity.
- The project area will experience strong ground shaking in the future for several major faults in the project area, but the proposed project will not build new facilities or modify existing facilities that might be impacted by any such future ground shaking. Further, no operational changes have been identified that could influence future seismic activity and related ground shaking.
- The project area may experience liquefaction or other ground failure hazards in the future during a major ground shaking event, but the proposed project will not build new facilities or modify existing facilities that might be impacted by any such future events. Further, no operational changes have been identified that could influence future seismic activity and related liquefaction or ground failure hazards.
- The project area may experience landslides in the future for several major faults in the project area, but the proposed project will not build new facilities or modify existing facilities that might be impacted by any such future landslides. Further, no operational changes have been identified that could influence future seismic activity and related landslide activity.
- b. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to have any direct or indirect impact on any soil erosion or loss of topsoil issues within the project area.
- c. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to have any direct or indirect impact on any soil instability or to expose facilities to unstable soil issues within the project area.
- d. No Impact. The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to have any direct or indirect impact on any expansive soils or to expose facilities to expansive soil issues within the project area.
- e. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to have any direct or indirect impact on any soil limitations to receive wastewater within the project area.

Conclusion

Based on the analysis presented above, geology and soil issues have no potential to experience significant direct or indirect adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the geology and soil issues will not be carried forward into the EIR that will be prepared for this project. All geology and soil issues are forecast to experience less than significant impacts if the project is approved and implemented.

VII.	HAZARDS AND HAZARDOUS MATERIALS – Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?				
b.	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?				
C.	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				Name C
d.	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				
e.	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				
f.	For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				Y description of the second
g.	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				Section 1
h.	Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				gerand .

a. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to require the routine transport, use or disposal of hazardous materials.

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- b. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to release hazardous materials into the environment and create a hazard for human health within the project area.
- c. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to emit any hazardous emissions, both generally or within 1/4 mile of an existing or proposed school.
- d. No Impact. The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. There are known sites that have been contaminated with hazardous materials and wastes within the project area. However, with no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to have any direct or indirect impact such existing sites in a manner that would create a significant hazard to the public or the environment.
- e&f. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. The project area includes two airports, Redlands Airport and the San Bernardino International Airport, both public airports and no private airports. However, with no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to have any direct or indirect impact on the operations of either of these airports within the project area.
- g. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to interfere with an adopted emergency response plan or emergency evacuation plan within the project area.
- h. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to expose new facilities or people to wildland fire hazards within the project area.

Conclusion

Based on the analysis presented above, hazards and hazardous materials issues have no potential to experience significant direct or indirect adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the hazards and hazardous materials issues will not be carried forward into the EIR that will be prepared for this project. All hazard and hazardous materials issues are forecast to experience less than significant impacts if the project is approved and implemented.

		Potentially Significant	Less than Significant with	Less than Significant	No
VIII.	HYDROLOGY AND WATER QUALITY – Would the project:	Impact	Mitigation Incorporation	Impact	Impact
a.	Violate any water quality standards or waste discharge requirements?				
b.	Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?				
C.	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation onsite or offsite?				
d.	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding onsite or offsite?			٥	
e.	Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?				
f.	Otherwise substantially degrade water quality?				
g.	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				
h.	Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				
i.	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?		۵		Property of the Control of the Contr
j.	Inundation by seiche, tsunami, or mudflow?				

- a&f. **Potentially Significant Impact.** One of the issues raised by the WCD as a potential indirect impact of possible changes in operations by the MWD is an effect on water resources available to the water users of the project area. The potential for MWD operations to significantly degrade water quality, both surface and groundwater quality, is an issue that needs to be fully examined to determine whether a significant indirect effect on water quality will result from the proposed consolidation. Therefore, the indirect effect of potential operational changes on water quality and violation of water quality standards and future water supplies will be examined in the EIR.
- b. **Potentially Significant Impact.** One of the issues raised by the WCD as a potential indirect impact of possible changes in operations by the MWD is an effect on water resources available to the water users of the project area. The potential for MWD operations to significantly impact groundwater supplies is an issue that needs to be fully examined to determine whether a significant indirect effect on Bunker Hill Basin groundwater resources and water supplies will result from the proposed consolidation. Therefore, the indirect effect of potential operational changes on groundwater resources and future water supplies will be examined in the EIR.
- c&d. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to substantially alter any existing drainage pattern within the project area.
- e. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to create or contribute surface runoff which would exceed the capacity of existing or planned stormwater drainage systems or provide a substantial additional source of polluted runoff within the project area.
- g&h. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to place housing within a 100-year flood hazard area or to place other structures which would impede or redirect flood flows within the project area.
- i&j. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. There is a dam in the area and levees that could fail for unknown reasons and cause significant risk of loss, injury or death and inundation by stored water behind the dam or mudflows. However, with no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to expose people or structures to such hazards or to create a risk of loss, injury or death of humans as a result of implementing the proposed project. Neither MWD or WCD have responsibility associated with the dam or its direct operations.

Conclusion

Based on the analysis presented above, hydrology and water quality issue have no potential to experience direct significant adverse impacts implementing consolidation of the WCD with the MWD. However, water

resource and water supply issues have been identified as possibly experiencing a significant adverse effect as a result of future changes in operations by the MWD. Since such changes in water resources and water quality may adversely impact water supplies in the project area, this issue will be examined in the EIR that will be prepared for this project. With no potential to directly impact or modify stream flows or expose people to flood hazards different than already exist, these issues will not be carried forward into the EIR that will be prepared for this project.

IX.	LAND USE AND PLANNING – Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Physically divide an established community?				ens.
b.	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				
C.	Conflict with any applicable habitat conservation plan or natural community conservation plan?	Brothers			

SUBSTANTIATION:

- a. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either directly or indirectly, this action has no potential to have any direct or indirect impact by physically dividing land uses within the project area. Therefore, the approval of the proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect activities that would have a potential to physically divide any existing established community. With no identified potential to cause any direct or indirect activities that could significantly divide any existing community, no mitigation is required.
- b&c. Potentially Significant Impact. One of the issues raised by the WCD and the Center for Biological Diversity is that a potential indirect impact to biological resources may occur due to possible changes in operations by the MWD. As noted this potential would occur through two mechanisms, first due to modifications in water resource management and second due to delays or failure to implement the Upper Santa Ana River Wash Land Management Plan (Plan B). Although the potential for such operational changes and transfer of responsibility to MWD for processing Plan B to a decision appears to have a remote potential to cause biological resource impacts given the Plan of Services by the MWD, this issue needs to be fully examined to determine whether a significant indirect effect on the biological resources in the project area may occur. This will include possible indirect effects on land use policies and critical habitat designations (habitat conservation plans, including Plan B) for several species that are known to occur in the project area, such as the San Bernardino kangaroo rat, Santa Ana Woolly Star, and others. Note that no direct impacts on biological resources are forecast to result from implementing the consolidation as no direct physical changes in the environment are proposed at this time. Therefore, the indirect effect of potential operational changes on water supply and on land use policies and adopted habitat management plans will be examined in the EIR.

Conclusion

Based on the analysis presented above, land use issue have no potential to experience direct significant adverse impacts through implementation of the consolidation of the WCD with the MWD. However, water resource and water supply issues and procedural processing of Plan B have been identified as possibly experiencing a significant adverse effect as a result of future changes in operations by the MWD. Since such changes in availability of water supply may have an indirect significant adverse impact on habitat plans and land use policies in the project area, this issue will be examined as part of the larger water resource and water supply issues in the EIR that will be prepared for this project. With no potential to directly impact any existing land uses within the project area by physically dividing them, this issue will not be carried forward into the EIR that will be prepared for this project.

Х.	MINERAL RESOURCES – Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?			Q ,	
b.	Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	i de la compania de l			

SUBSTANTIATION:

a&b. Potentially Significant Impact. One of the issues raised by the WCD and the Center for Biological Diversity is that the consolidation could lead to delays or failure to implement the Upper Santa Ana River Wash Land Management Plan (Plan B), which involves actions which will impact the mineral extraction activities in the future. Although the potential for such operational changes and transfer of responsibility to MWD for processing Plan B to a decision appears to have a remote potential to cause mineral resource impacts given the Plan of Services by the MWD, this potential effect on mineral resources and mineral resource values needs to be fully examined to determine whether a significant indirect effect on the mineral resources in the project area may occur. Note that no direct impacts on mineral resources are forecast to result from implementing the consolidation as no direct physical changes in the environment are proposed at this time.

Conclusion

Based on the analysis presented above, mineral resource issues have no potential to experience direct significant adverse impacts from implementation of the consolidation of the WCD with the MWD. However, procedural processing of Plan B has been identified as possibly experiencing a significant adverse effect as a result of future changes in operations by the MWD. Since such changes may have an indirect significant adverse impact on mineral resource issues in the project area, this issue will be examined as one of the issues in the EIR that will be prepared for this project.

XI.	NOISE – Would the project result in:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?				
b.	Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?				galacia B Silvaria
C.	A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?				
d.	A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?				
e.	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				
f.	For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				

a-e. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known direct physical changes in the environment identified in conjunction with the proposed consolidation, this action has no potential to have any direct or indirect impact on noise generation or noise levels within the project area. Therefore, the approval of the proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect noise impacts that would have a potential to adversely impact any sensitive noise receptors or expose humans to existing significant noise levels, for example from existing airport or mining operations. With no identified potential significant noise impacts, no mitigation is required.

Conclusion

Based on the analysis presented above, noise issues have no potential to experience significant adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the noise issues will not be carried forward into the EIR that will be prepared for this project. All noise issues are forecast to experience less than significant impacts if the project is approved and implemented.

XII.	POPULATION AND HOUSING – Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?				
b.	Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				
C.	Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	۵		0	

a-c. No Impact. The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known direct physical changes in the environment identified in conjunction with the proposed consolidation, this action has no potential to have any direct or indirect impact on population or housing resources within the project area. Therefore, the approval of the proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect population or housing impacts that would increase the area population, remove any existing housing, or displace substantial numbers of people within the project area. With no identified potential significant population or housing impacts, no mitigation is required.

Conclusion

Based on the analysis presented above, population and housing issues have no potential to experience significant adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the population and housing issues will not be carried forward into the EIR that will be prepared for this project. All population and housing issues are forecast to experience less than significant impacts if the project is approved and implemented.

XIII.	PUBLIC SERVICES – Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Fire protection?				
b.	Police protection?				
C.	Schools?				
d.	Parks?				
e.	Other public facilities?				

a-e. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known direct physical changes in the environment identified in conjunction with the proposed consolidation, this action has no potential to have any direct or indirect impact on demand for public services (fire protection, police protection, schools, or parks) or the demand for altered governmental facilities with a potential for adverse impact from their construction. Regarding other public facilities, the proposed consolidation would reduce the demand for a WCD office. Therefore, the approval of proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect public services that would require an increase in the capacity of or facilities of public service agencies. With no identified potential significant public service impacts, no mitigation is required.

Conclusion

Based on the analysis presented above, public service issues have no potential to experience significant adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the public service issues will not be carried forward into the EIR that will be prepared for this project. All public service issues are forecast to experience less than significant impacts if the project is approved and implemented.

XIV.	RECREATION -	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				
b.	Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?				

a&b. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. This project does not include any recreational facilities or have any potential to increased demand for use of the project area for recreational activities. With no known direct physical changes in the environment identified in conjunction with the proposed consolidation, this action has no potential to have any direct or indirect impact on demand for recreation or the demand for new recreation facilities with a potential for adverse impact from their construction. Therefore, the approval of the proposed consolidation of the two agencies is concluded to have no potential to cause any direct or indirect recreation issues that would require an increase in the capacity of existing recreation facilities or use of the existing area for recreation. With no identified potential significant recreation issue impacts, no mitigation is required.

Conclusion

Based on the analysis presented above, recreation issues have no potential to experience significant adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the recreation issues will not be carried forward into the EIR that will be prepared for this project. All recreation issues are forecast to experience less than significant impacts if the project is approved and implemented.

XV.	TRANSPORTATION/TRAFFIC – Would the project:	Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
a.	Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?				
b.	Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?				
C.	Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				
d.	Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?				
e.	Result in inadequate emergency access?				general Section
f.	Result in inadequate parking capacity?				
g.	Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?				2000

- a&b. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to cause any increase trip generation in support of the consolidation. Thus, relative to the existing background traffic, the proposed project has no potential to exceed an existing level of service standard established by the County or surrounding cities. No mitigation is required.
- c. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to adversely impact or modify air traffic patterns. No mitigation is required.
- d. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the

environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to modify the design of any roadway or to cause an increase in hazards as a result of implementing the proposed project. No mitigation is required.

- e. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to have any impact on emergency access at any location. No mitigation is required.
- f. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to create any demand or have any impact on parking capacity requirements at any location within the project area. No mitigation is required.
- g. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to have any direct or indirect impact on the adopted policies, plans or programs supporting alternative transportation. No mitigation is required.

Conclusion

Based on the analysis presented above, transportation/traffic issues have no potential to experience significant direct or indirect adverse impacts as a result of implementing consolidation of the WCD with the MWD. Therefore, the transportation/traffic issues will not be carried forward into the EIR that will be prepared for this project. All transportation/traffic issues are forecast to experience less than significant impacts if the project is approved and implemented.

		Potentially Significant Impact	Less than Significant with Mitigation Incorporation	Less than Significant Impact	No Impact
XVI.	UTILITIES AND SERVICE SYSTEMS – Would the project:	mpaoc	Wildgatton in Corporation	mpact	mpace
a.	Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				
b.	Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	Land			
C.	Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				
d.	Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				
e.	Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				
f.	Be served by a landfill(s) with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				
g.	Comply with federal, state, and local statutes and regulations related to solid waste?			۵	*****

SUBSTANTIATION:

- a. No Impact. The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation either, directly or indirectly, this action has no potential to generate wastewater that might exceed wastewater treatment requirements of the Santa Ana Regional Water Quality Control Board. No mitigation is required.
- b. **Potentially Significant Impact.** As noted above, the proposed project has no connection to wastewater issues, so it cannot result in a requirement to construct new wastewater facilities or expand such facilities in a manner that could cause significant environmental effects. However, one of the issues raised by the WCD as a potential indirect impact of possible changes in operations by the MWD is an effect on water resources available to the water users of the project area. The potential for MWD operations to require construction of new water treatment facilities could cause other significant environmental effects, and this issue needs to be fully examined to determine whether such additional or expanded treatment facilities are required or planned as a result of the proposed consolidation.

Therefore, the indirect effect of potential operational changes on water resources and related treatment facilities will be examined in the EIR.

- c. No Impact. The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to generate additional storm water runoff or to require modification of any storm water drainage facilities, which could in turn have significant adverse environmental impacts. No mitigation is required.
- d. **Potentially Significant Impact.** As noted above, one of the issues raised by the WCD as a potential indirect impact of possible changes in operations by the MWD is an effect on water resources available to the water users of the project area. The potential for MWD operations to adversely impact water supplies or to modify water entitlements needs to be fully examined to determine whether such impacts will result from the proposed consolidation. Therefore, the indirect effect of potential operational changes on water resources and water entitlements, and any physical impacts that such changes in entitlements may cause, will be examined in the EIR.
- e. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to have any direct or indirect impact on wastewater operations or a determination by a wastewater treatment provider that its treatment capacity will be impacted by the proposed project. No mitigation is required.
- f&g. **No Impact.** The proposed project consists of the consolidation of the WCD with the MWD with no physical changes to any existing facilities. Any operation changes are anticipated to be carried out using the existing facilities of both the WCD and MWD. With no known physical changes in the environment identified in conjunction with the proposed consolidation, either directly or indirectly, this action has no potential to generate solid waste in a manner different that at present, or to conflict with any solid waste statutes or regulations. No mitigation is required.

Conclusion

Based on the analysis presented above, most utility and service system issues have no potential to experience direct significant adverse impacts implementing consolidation of the WCD with the MWD. However, water resource and water supply-related issues have been identified as possibly experiencing a significant adverse effect as a result of future changes in operations by the MWD. Since such changes in water resources and water quality issues may adversely impact water supplies in the project area, these issues will be examined in the EIR that will be prepared for this project. With no potential to directly impact or modify the other utility or service system issues that already exist, these issues will not be carried forward into the EIR that will be prepared for this project.

		Potentially Significant	Less than Significant with	Less than Significant	No
XVII.	MANDATORY FINDINGS OF SIGNIFICANCE -	Impact	Mitigation Incorporation	Impact	Impact
a.	Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?				
b.	Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?				
C.	Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?				

SUBSTANTIATION:

The proposed project reviewed in this Initial Study is the consolidation of the San Bernardino Valley Water Conservation District (WCD) with or into the San Bernardino Valley Municipal Water District (MWD). The only issues found to have a potential for significant impact are indirect impacts to water resource related issues that might be caused by changes in future operations of the MWD as hypothesized by the WCD. For the purpose of the impact forecast contained in this document, it was assumed that no new facilities are proposed by the MWD that would result in immediate physical changes to the environment. Further, the MWD does not propose modifications to WCD facilities, other than those modifications to WCD facilities already evaluated in the Water Rights EIR, which are being pursued independently. If changes to existing facilities are required in the future, both the WCD and MWD would have to evaluate these changes under separate, future CEQA review procedures.

The potentially significant impacts identified in this Initial Study can only be based on the potential for changes in operations to cause indirect physical environment changes relative to the existing operations of the WCD. No specific changes in facilities have been identified by the MWD in its Plan for Services, but based on its own set of assumptions, the WCD and other parties (City of Highland and Center for Biological Diversity) have identified issues that LAFCO concurs raise fair argument issues. Any future changes in physical facilities or operations by either agency would require such future compliance with CEQA.

The Initial Study identified the following issues for evaluation in an EIR because they are indirectly related to water resources or biological resources supported by water resources within the project area. These issues are: agriculture (adequacy of water supply to meet the needs of the remaining agricultural area and the consolidation's potential impact on this water supply); biological resources (adequacy of water resources to support existing biological resources within the project area and procedural processing of the Upper Santa Ana River Wash Land Management Plan (Plan B) in relation to protecting listed species and critical habitat); hydrology and water quality issues (related to changes in operations managing water resources by MWD

relative to WCD); land use and planning issues (related to procedural processing of Plan B, applicable land use planning policies and designated critical habitat); mineral resources (related to processing of Plan B); and utility and service systems (related to water quality degradation and water supply adequacy due to changes in operations managing water resources and water entitlements by MWD relative to WCD). All of these potential impacts are indirect and are based on changes in operations that may or may not be proposed by the MWD. The potential for changes in operations and methods of committing MWD to comparable water resource management practices will be at the core of the EIR that will be prepared for this project.

All other environmental issues were determined to have no potential for significant impact on the environment, either directly or indirectly.

The Local Agency Formation Commission for the County of San Bernardino will oversee the preparation of an EIR for the topics outlined above as the CEQA lead agency. This Initial Study will be distributed in conjunction with a Notice of Preparation (NOP) for public review and comment and after receipt of comments on the NOP, a final scope for environmental issues will be established for evaluation in the EIR. A draft EIR will then be prepared and distributed for public comment in accordance with CEQA procedural review requirements.

FIGURES

ATTACHMENT 1

Justification for Proposal and Preliminary Environmental Description Form

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the Commission, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL:

Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District

2. NAME OF APPLICANT: San Bernardino Valley Municipal Water District

MAILING ADDRESS:

1350 South "E" Street, P.O. Box 5906 San Bernardino, CA 92412 PHONE: (909) 387-9200 FAX: (909) 387-9211

E-MAIL ADDRESS: douglash@sbvmwd.com

3. GENERAL LOCATION OF PROPOSAL:

Eastern portion of the San Bernardino Valley. The territory of the San Bernardino Valley Water Conservation District lies wholly within the current boundary of the San Bernardino Valley Municipal Water District. No boundary changes are proposed for the San Bernardino Valley Municipal Water District.

4. Does the application possess 100% written consent of each landowner in the subject territory?

YES ____ NO X If YES, provide written authorization for change.

- 5. Indicate the reasons that the proposed action has been requested.
 - a. Under its principal act of the Municipal Water District Law of 1911 commencing with California Water Code Section 71000, the San Bernardino Valley Municipal Water District is authorized to provide the services currently provided by the San Bernardino Valley Water Conservation District.
 - b. The San Bernardino Valley Municipal Water District has the legal authority and responsibility to manage the groundwater resources of the San Bernardino Valley in accordance with the Orange County Judgment (Orange County Water District v. City of Chino et al. [1969]) and the Western Judgment (Western Municipal Water District v. East San Bernardino County Water District et al. [year]).
 - c. The services provided by the San Bernardino Valley Water Conservation District benefit a portion of the Bunker Hill Basin whereas services provided by the San Bernardino Valley Municipal Water District could benefit the entire San Bernardino Valley.
 - d. The consolidation will provide greater public accountability by eliminating one governmental entity and redundancy of governmental jurisdictions.

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- e. The groundwater producers, ratepayers and taxpayers would realize an economic benefit from the consolidation through the elimination of the groundwater assessment, with no reduction in service levels.
- f. On March 15, 2006, the San Bernardino Local Agency Formation Commission adopted a zero sphere of influence for the San Bernardino Valley Water Conservation District and directed that a consolidation of the two districts be pursued as the most cost-effective governmental structure.
- 6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?

YES ___ NO X If YES, please provide a written justification for the proposed boundary configuration.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area (defined in acres):

Approximately 225,000 acres

2. Current dwelling units in area:

Specific data for the territory within the proposed consolidation area is not available. The San Bernardino Association of Governments (SANBAG) has estimated 284,490 dwelling units for Year 2006 for the cities and communities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Highland, Grand Terrace, Yucaipa and unincorporated areas.

3. Approximate current population in area:

Based on 2000 Census data, approximately 600,000 people reside within the boundary of SBVMWD. Of this amount, approximately 200,000 reside within the SBVWCD boundary.

4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):

The territory within the proposed consolidation area includes both incorporated and unincorporated areas. Because the San Bernardino Valley Municipal Water District's boundaries encompass a majority of the eastern San Bernardino Valley, the area includes all of the General Plan land use designations for the Cities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Highland, Grand Terrace, and Yucaipa.

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):

The territory within the proposed consolidation area includes both incorporated and unincorporated areas. Because the San Bernardino Valley Municipal Water District's boundaries encompass a majority of the eastern San Bernardino Valley, the area includes the 18 General Plan land use designations shown in the Draft San Bernardino County General Plan.

5. Describe any special land use concerns expressed in the above plans.

The consolidation proposal does not propose or anticipate any land use changes that would conflict with applicable land use plans.

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6. Indicate the existing lan	na us	30.
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Existing land uses within the proposed consolidation area range from urban development including residential, commercial and industrial uses, with some agricultural land uses in the eastern portion. There are areas designated as open space and wildlife corridors. The northern boundary of the San Bernardino Valley Municipal Water District extends into the southern portion of the San Bernardino National Forest.

What is the proposed land use?

No change in land use is proposed.

7. For a city annexation, State law requires pre-zoning of the territory proposed for annexation.

Not applicable

	Provide a response to the following:	
	 a. Has pre-zoning been completed? YES b. If the response to "a" is NO, is the area in Identify below the pre-zoning classification, process is underway, identify the timing for 	the process of pre-zoning? YES NO title, and densities permitted. If the pre-zoning
8.	8. On the following list, indicate if any porti	on of the territory contains the
	following by placing a checkmark next to the	
	X_Agricultural Land Uses X_Agr	icultural Preserve Designation
	X Williamson Act Contract X Are	a where Special Permits are required

9. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of nonrenewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

___Any other unusual features of the area or permits required:

Not applicable

10. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)?

YES ____NO_X_If YES, please explain.

ENVIRONMENTAL INFORMATION

Provide general description of topography.

The topography generally slopes from the foothills of the San Bernardino National Forest down to the San Bernardino Valley floor. The Santa Ana River is a major feature traversing the area, providing a major water supply source for groundwater recharge as well as drainage and flood control.

2. Describe any existing improvements on the site as % of total area. Not Applicable

		(FOR LAFCO USE ONLY)
Residenti	al% Agricultural	% %
Commerc Industrial	cial% Vacant % Other	
NORTH EAST	Urban and suburban development within the	
assoc	ribe site alterations that will be produced be ciated with this proposed action (installation ies, grading, flow channelization, etc.).	
site? YES_	ervice extensions accomplished by this pr No service extensions are proposed. NO X Adjacent sites? YES NO X orporated X Incorporated X	oposal induce growth on this
	s project a part of a larger project or series NO <u>X</u> If YES, please explain.	of projects?
	NOTICES	
	rovide the names and addresses of person otice of the hearing(s) and receive copies o	
NAME:	San Bernardino Valley Municipal Water Distr Attention: General Manager 1350 South "E" Street P.O. Box 5906 San Bernardino, CA 92412-5906 (909) 387-9200 / (909) 387-9247 fax	rict
NAME:	San Bernardino Valley Municipal Water Distr Attention: Mr. Doug Headrick, Deputy Gene 1350 South "E" Street P.O. Box 5906 San Bernardino, CA 92412-5906 (909) 387-9226 / (909) 387-9247 fax	
NAME:	Downey Brand Attorneys LLP Mr. David Aladjem 555 Capitol Mall, 10th Floor Sacramento, CA 95814-4686 (916) 441-0131 / (916) 441-4021 fax	

(FOR	LAFCO	USE	ONLY)

CERTIFICATION

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief. I understand that if this proposal is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

Kobertt Reite
SIGNATURE OF APPLICANT
Robert L. Reiter
PRINTED NAME OF APPLICANT
Generally and Chis. Engli
TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

<u>X</u>	ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
************	SPHERE OF INFLUENCE CHANGE SUPPLEMENT
processors sugar	CITY INCORPORATION SUPPLEMENT
	FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
	ACTIVATION OF LATENT POWERS SUPPLEMENT

APPLICATION TO BE SUBMITTED TO:
LOCAL AGENCY FORMATION COMMISSION
215 North D Street, Suite 204
SAN BERNARDINO, CA 92415
PHONE: (909)383-9900 DFAX: (909) 383-9901

E-mail address: lafco@lafco.co.san-bernardino.ca.us

SUPPLEMENT ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS

INTRODUCTION: The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the Commission, staff and others to adequately assess the project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please identify the agencies involved in the proposal by proposed action:

CONSOLIDATION OF THE
San Bernardino Valley Water Conservation District and the
San Bernardino Valley Municipal Water District

SUCCESSOR AGENCY
San Bernardino Valley Municipal Water District

- 2. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?

 No
- 3. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be consolidated?

 Yes. The groundwater assessment charged to groundwater producers by the San Bernardino Valley Water Conservation District will end. Under its principal act (the Municipal Water District Law of 1911), the San Bernardino Valley Municipal Water District does not have the authority to impose groundwater assessment charges. In addition, the San Bernardino Valley Municipal Water District intends to forego any claim to the ad valorem taxes that now accrue to the San Bernardino Valley Water Conservation District.
- Provide a description of how the proposed change will assist the successor agency in achieving its fair share of regional housing needs as determined by SCAG. Not applicable.

5. PLAN FOR SERVICES:

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

- A description of the level and range of each service to be provided to the affected territory.
- b. An indication of when the service can be feasibly extended to the affected territory.
- An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
- d. The estimated cost of extending the service and a description of how the service or required improvements will be financed. A discussion of the sufficiency of revenues for anticipated service extensions and operations is also required.

(FOR LAFCO USE ONLY)

- e. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.
- f. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)).

GERTIFICATION

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE <u>//pu /7, 2005</u>	Tobert Rute
	SIGNATURE OF APPLICANT
	Robert L. Reiter
	PRINTED NAME OF APPLICANT
	Gen Man and Clis. Engr
	TITIE

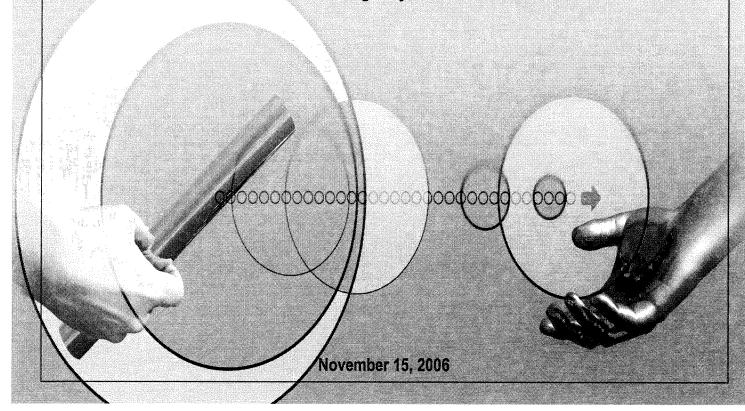
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SUBMITTED

PLAN FOR SERVICE

Proposed Consolidation
of the
San Bernardino Valley Water Conservation District
and the
San Bernardino Valley Municipal Water District

Prepared for.
San Bernardino Local Agency Formation Commission



PLAN FOR SERVICE

Proposed Consolidation
of the
San Bernardino Valley Water Conservation District
and the
San Bernardino Valley Municipal Water District

Prepared for:

San Bernardino Local Agency Formation Commission

215 North D Street, Suite 204 San Bernardino, CA 92415-0490

Prepared by:

San Bernardino Valley Municipal Water District 1350 South "E" Street San Bernardino, CA 92408-2725

November 15, 2006

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ACRONYMS and ABBREVIATIONS

AF

Acre Feet

Bear Valley

Bear Valley Mutual Water Company

Big Bear

Big Bear Municipal Water District

BLM

Bureau of Land Management

CEQA

California Environmental Quality Act

CFS

Cubic feet per second

DWR

California Department of Water Resources

HCP

Habitat Conservation Plan

ICGMP

Institutional Controls Groundwater Management Program

IMPDPA

Integrated Management Program Demonstration Project

Agreement

IRGMP

Integrated Regional Groundwater Management Plan

LAFCO

Local Agency Formation Commission

MOU

Memorandum of Understanding

NEPA

National Environmental Policy Act

PERS

Public Employees' Retirement System

RPUD

Riverside Public Utilities Department

SBBA

San Bernardino Basin Area (Bunker Hill Basin and Lytle Basin as

defined in 1969 Western Judgment)

SBCFCD

San Bernardino County Flood Control District

Valley District

San Bernardino Valley Municipal Water District

Conservation District

San Bernardino Valley Water Conservation District

SOI SWP Sphere of Influence

State Water Project

SWRCB

State Water Resources Control Board

WMWD

Western Municipal Water District of Riverside County

CERTIFICATION OF PLAN FOR SERVICE

I hereby certify that the facts, statements and information presented in this Plan for Service are true and correct to the best of my knowledge and belief.

1/2017 7006

Signature of Applicant

Printed Name and Title

1.0 EXECUTIVE SUMMARY

On March 15, 2006 the San Bernardino Local Agency Formation Commission (LAFCO) approved and adopted Resolution No. 2893 that made certain determinations on LAFCO 2919, a Service Review and Sphere of Influence update for the San Bernardino Valley Water Conservation District (Conservation District). Among those determinations were the following:

Whereas, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for the San Bernardino Valley Water Conservation District shall be reduced to a "zero" sphere of influence with the direction that the consolidation of the District with the San Bernardino Valley Municipal Water District should be pursued; (emphasis added)

and

The establishment of a zero sphere of influence is proposed to point toward the consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District to better serve the whole of the Bunker Hill Basin which supports the populations identified above. (emphasis added)

This Plan for Service establishes the bases to carry out the evaluation of the consolidation of the Conservation District with the San Bernardino Valley Municipal Water District (Valley District) as directed by LAFCO Resolution No. 2893. Included in this Plan for Service is a comprehensive evaluation of the services to be continued and how those services will be funded both at present and in the future. The results of the evaluation of the proposed consolidation are as follows:

- 1. Per its principal act and LAFCO approval, Valley District is authorized to provide all services currently provided by the Conservation District. (Section 3.2)
- 2. The Groundwater Assessment levied and collected by the Conservation District will be eliminated. (Section 3.2)
- 3. Valley District will continue to provide all services currently provided by the Conservation District, including the operation and maintenance of all Conservation District recharge facilities for the benefit of the entire San Bernardino Basin Area (SBBA). (Section 3.3)
- 4. Groundwater producers and their constituents within the Conservation District boundary will save \$700,000 every year as a result of the consolidation. (Table 5.1)
- 5. One-time revenue of approximately \$3,120,000 will be realized from the sale of surplus real property assets of the Conservation District. (Section 5.2)

- 6. All revenue, ongoing and one-time, will be placed in a segregated Basin Management Account to fund basin management related activities. (Section 5.2)
- 7. Ongoing Conservation District revenue, not including the groundwater assessment, is more than adequate to cover the expenses necessary to continue to provide the services of the Conservation District. (Section 5.2)
- 8. Valley District will succeed to all rights, responsibilities, properties, contracts, assets and liabilities of the Conservation District, and will implement an efficient transition plan in accordance with the goals of the consolidation (Section 6.2)
- 9. All regular Conservation District employees shall become employees of Valley District with retention of salaries, seniority rights, vacation/sick leave accruals, and retirement benefits. Further, several benefits provided by Valley District are better than those offered by Conservation District. All Conservation District employees will be immediately offered the enhanced benefits applicable to all Valley District employees. (Section 6.3)
- 10. An Advisory Board comprised of all current Conservation District Board Members will be formed to ensure access to and benefit from their knowledge and experience. (Section 6.4)

The following table lists services which the Conservation District is currently providing and other activities in which the Conservation District is participating. The anticipated changes as a result of the consolidation are also listed. Each of these services is described in more detail in Section 3.3. Valley District is a party to or lead agency for many of the services and activities performed by the Conservation District, thereby facilitating the consolidation.

Service/Activity	Result of Consolidation	Change
Surface Water Rights	Santa Ana River and Mill Creek Water	None.
	Rights transferred to Valley District.	
	Mill Creek water rights application	
	transferred to the historic water right	
	holders.	
Recharge Facility Operations and	Valley District continues maintenance	None.
Maintenance	operations on the Santa Ana River	
	facilities. Mill Creek property	
	transferred back to City of Redlands	
	for continued operations.	
Mining Leases	Transferred to Valley District for	None.
	administration.	
Upper Santa Ana River Wash Plan	Valley District accepts lead agency	None.
(Plan B)	role and completes project.	

Service/Activity	Result of Consolidation	Change
Santa Ana River – Mill Creek Cooperative	Valley District requests, as a Party to	None.
Water Project Agreement (Project	the Agreement, that the Management	
Manager)	Committee assign a new Project	
	Manager as described in the CWP	
	Agreement	
Big Bear Watermaster	Valley District replaces Conservation	None.
	District on Watermaster Committee	
High Groundwater Mitigation and	Valley District continues in its	None.
Integrated Management Program	leadership role for these projects	
Demonstration Projects		
Development Development	0 " 5"	
Drought Mitigation Project	Conservation District removed funding	None.
	from project.	
Integrated Regional Groundwater	Valley District continues in its	None.
Management Plan/Water Facilities Master	leadership role. Conservation	
Plan	District's projects integrated into Valley	
	District's IRGMP projects.	

Valley District will perform all activities currently performed by the Conservation District after the consolidation of the Conservation District with Valley District.

Service/Activity	Result of Consolidation	Change
Santa Ana River – Mill Creek Cooperative	Valley District requests, as a Party to	None.
Water Project Agreement (Project	the Agreement, that the Management	
Manager)	Committee assign a new Project	
	Manager as described in the CWP	
	Agreement	
Big Bear Watermaster	Valley District replaces Conservation	None.
	District on Watermaster Committee	
High Groundwater Mitigation and	Valley District continues in its	None.
Integrated Management Program	leadership role for these projects	
Demonstration Projects		
Drought Mitigation Project	Conservation District removed funding	None.
	from project.	
Integrated Regional Groundwater	Valley District continues in its	None.
Management Plan/Water Facilities Master	leadership role. Conservation	
Plan	District's projects integrated into Valley	
	District's IRGMP projects.	

Valley District will perform all activities currently performed by the Conservation District after the consolidation of the Conservation District with Valley District.

2.0 INTRODUCTION

The Plan for Services for the proposed consolidation of the San Bernardino Valley Water Conservation District (Conservation District) and the San Bernardino Valley Municipal Water District (Valley District) has been prepared for submission to the San Bernardino Local Agency Formation Commission (LAFCO) as part of a consolidation application pursuant to Government Code Section 56653(a). This Plan provides LAFCO, public agencies, affected property owners and residents, and other interested persons with information regarding how services will be provided following the consolidation. Included in this report are:

- A description of the services to be provided;
- An overview of recharge facilities, their condition and a management plan;
- Projected service costs and revenue; and a
- Transition Plan for the orderly consolidation of the two districts.

Upon LAFCO approval of the consolidation, Valley District will be solely responsible for providing the services described in this Plan. All services currently provided by the Conservation District will be continued or enhanced after the consolidation takes place. In addition, significant organizational and resource management efficiencies, as described in more detail below, will be achieved through the consolidation.

3.0 SERVICES TO BE PROVIDED

3.1 AGENCY OVERVIEW

Valley District encompasses 225,430 acres and serves approximately 600,000 people in the communities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Bloomington, Highland, Grand Terrace, and Yucaipa. The Conservation District encompasses 49,690 acres (22% of Valley District) and serves approximately 200,000 people in the communities of San Bernardino, Highland, Redlands, and Loma Linda. Valley District overlies 97%, and has statutory authority to represent and manage 100%, of the San Bernardino Basin Area (SBBA) while the Conservation District overlies 54%. The consolidation of the Conservation District and Valley District will not require changes to the current Valley District boundary because the boundary for the Conservation District is wholly contained within the Valley District boundary. Figure 1 – Boundary Map shows the geographic extent of each district boundary along with the San Bernardino Basin Area.

San Bernardino Valley Municipal Water District (Valley District)

Valley District was established in 1954 with authority to manage water resources pursuant to its principal act. The District is a member of the State Water Project with a contractual allocation of up to 102,600 acre-feet of State Water Project water per year. Specifically, the District operates under the Municipal Water District Law of 1911 (California Water Code Section 71000 *et seq.*) and is granted broad powers and authorities therefrom.

The District has adopted the following mission statement:

Develop regional facilities to allow coordinated management of available water resources to meet the ultimate requirements of all water purveyors and increase the reliability of supplies, by maximizing the use of local water resources and optimizing the use of imported water. The regional facilities should be cost effective and developed in a systematic phased program with the cooperation of the water purveyors. (1995 Regional Water Facilities Master Plan, p. 1-8)

To fulfill its obligations as formally stated in the Mission Statement, Valley District has designed and constructed regional water facilities throughout its service area to ensure the efficient use of all water resources available to the users within the District.

Valley District is a party to, and has a critical role, as one of four parties charged with implementing the Orange County Judgment¹ and the Western Judgment², which provide Valley District with the legal authority and responsibility to manage the groundwater resources of the San Bernardino Basin Area. This role is confirmed by the District's representation on the Court-appointed Watermaster committees that administer each Judgment. In accordance with the terms of the Judgments, a representative from Valley District is one of five members on the Watermaster Committee that administers the Orange County Judgment and one of two members on the Watermaster committee that administers the Western Judgment. Under these two Judgments, the Valley District is directly responsible to the courts for ensuring that groundwater and surface water supplies are effectively managed for the benefit of the region. Further, Valley District is solely obligated under the Western Judgment to replenish the groundwater basin if extractions exceed the safe yield as determined by the Court.

San Bernardino Valley Water Conservation District (Conservation District)

Conservation District was established in 1931 and operates under the Water Conservation District Law of 1931 (California Water Code Section 74000 *et seq.*). Its adopted mission statement is as follows:

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Orange County Water District v. City of Chino et al. [1969]

² Western Municipal Water District v. East San Bernardino County Water District et al. [1969]

The mission of the San Bernardino Valley Water Conservation District is to ensure recharge of the Bunker Hill Groundwater Basin in an environmentally and economically responsible way, using local native surface water to the maximum extent practicable. We strive to improve the supply and quality of groundwater, balancing such demands with those of the land, mineral, and biological resources.

The Conservation District operates water recharge facilities used primarily for native surface water from two sources – the Santa Ana River and Mill Creek. In the material submitted as part of its Municipal Service Review conducted pursuant to Government Code Section 56430, the Conservation District stated that, in addition to its primary purpose of recharging native surface water, it participates in the following programs with other agencies³:

- Upper Santa Ana River Wash Land Management and Habitat Conservation Plan (Plan B)
- Santa Ana River Mill Creek Cooperative Water Project (CWP) Agreement
- High Groundwater Mitigation Project
- Drought Mitigation Project
- Big Bear Watermaster

In summary, the Conservation District's primary responsibility is to divert and recharge, for the benefit of groundwater producers, native surface water from the Santa Ana River and Mill Creek. In addition, Conservation District has presented to LAFCO several supplementary activities in which it is currently participating. Further, the Conservation District holds leases for mining on land it owns. Section 3.3 further describes each of these activities and explains how Valley District will continue or enhance each one following LAFCO approval of the consolidation.

3.2 COMPARISON OF POWERS AND AUTHORITIES

As stated previously, Valley District and Conservation District were formed under different principal acts in the California Water Code, Sections 71000 et seq. and Section 74000 et seq., respectively. These acts, though quite similar in most respects, do contain certain differences that are highlighted and evaluated here in an effort to assure LAFCO that all services and functions conducted by the Conservation District will continue once the consolidation is approved. Table 2.1 summarizes generalized categories of services granted to municipal water districts and water conservation districts by their respective principal acts.

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³ Source: LAFCO 2919 SBVWCD Sphere Review/Sphere Update Staff Report. March 7, 2005

Table 3.1
Services Authorized by California Water Code

Service	Water Conservation District Law of 1931 (Water Code §74000 et seq.)	Municipal Water District Law of 1911 (Water Code §71000 et seq.)
Appropriate, acquire, and conserve water and water	Yes	Yes
rights Sell, deliver, and distribute water	Yes	Yes
Construct, operate, and maintain hydroelectric power facilities	Yes	Yes
Flood Control	Yes	No
Construct, acquire, maintain, and operate recreational facilities	Yes	Yes
Implement urban water conservation programs	No	Yes

As shown above, flood control is the only function that conservation districts are authorized to perform that is not included in those authorized for municipal water districts. However, in respect to the proposed consolidation, the Conservation District does not provide flood control services beyond those indirectly derived as a consequence of its standard water recharge functions, nor has it provided evidence to LAFCO that there is a need for it to provide this latent service in the future. Further, the San Bernardino County Flood Control District currently provides complete and reliable flood control services to the entirety of the Conservation District area. Therefore, based on a thorough review of the applicable California Water Code sections, all services currently provided by the Conservation District can be provided by Valley District under the authorities granted by the Municipal Water District Law of 1911 once the proposed consolidation is approved.

Pursuant to Government Code Section 56821, since 1976 LAFCO has had the exclusive authority for activation of all services and functions of special districts including water conservation districts and municipal water districts. In reviewing the Conservation District's functions, LAFCO has consistently determined that the Conservation District only provides two services, water conservation and conducting surveys of water resources.

In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 *et seq.*), LAFCO has conducted service reviews for Conservation District and Valley District. As part of these reviews, LAFCO reviewed existing authorized services and functions and modified them as appropriate for both districts. Valley District's service review was completed in 2003 and authorized the following services and functions.

Valley District⁴		
Service Function		
Water	Wholesale, retail, agricultural, domestic,	
	replenishment, conservation	
Sewer	Collection, transportation, treatment,	
	reclamation, disposal	
Power	Generation, distribution	
Electrical Production		
Electrical Transmission		
Park & Recreation	Development, operation, recreation (cannot	
	perform the function within an existing agency	
	with park and recreation services)	

The Conservation District's service review was completed in 2006 and included the following services and functions.

Conservation District ⁵		
Service	Function	
Water Conservation	Appropriation, acquisition, and conservation of water and water rights for any useful purpose. Acquisition and construction of dams, reservoirs, canals, conduits spreading basins, and sinking basins in order to conserve, store, spread, and sink water.	
Surveys of Water Supply and Resources	Make surveys and investigation of the water supply and resources of the Water Conservation District	

⁴ LAFCO Resolution No. 2791, November 19, 2003

⁵ LAFCO Resolution No. 2893, March 15, 2006

Although the descriptions of the Conservation District's authorized functions are somewhat more detailed, Valley District has performed, and continues to perform, water conservation and water supply surveys throughout its service area. Valley District's role in water supply and resources is formalized by the Western Judgment's appointment of Valley District as a representative on the Watermaster Committee. The Court states the following in Recital 13(a) of the Judgment.

"This Judgment and the instructions and subsequent orders of this Court shall be administered and enforced by a Watermaster. The parties hereto shall make such measurements and furnish such information and obtain additional measurements and information as the Watermaster may deem appropriate." (emphasis added)

Valley District was responsible for the determination of the safe yield of the SBBA as part of a multi-year survey of water resources in the basin and continues to perform additional water resource studies as necessary including the development of a groundwater model for the SBBA in cooperation with the United States Geological Society (USGS). Further, Valley District is also responsible for the management in the Colton-Rialto, Riverside North, and Riverside South Basins as required by the Judgment.

As a side note, the Municipal Water District Law also authorizes several other services not evaluated here because they are not included in the Water Conservation District Law. These services include sewage collection and treatment, fire protection, street lighting, and the collection and disposal of refuse.

To accomplish the services listed in Table 3.1 above, the applicable Water Code sections provide administrative powers to both municipal water districts and water conservation districts. Table 3.2 summarizes and compares the relevant powers authorized under each principal act.

Table 3.2
Powers Authorized by California Water Code

Power/Authority	Water Conservation District Law of 1931 (Water Code §74000 et seq.)	Municipal Water District Law of 1911 (Water Code §71000 et seq.)
Enter into contract for water and other related facilities	Yes	Yes
Issue bonds	Yes	Yes
Levy and collect a Groundwater Charge	Yes	No
Set water rates	Yes	Yes

Power/Authority	Water Conservation District Law of 1931 (Water Code §74000 et seq.)	Municipal Water District Law of 1911 (Water Code §71000 et seq.)
Exercise the right of eminent domain	Yes	Yes
Commence, intervene in proceedings related to water rights adjudication	Yes	Yes
Exercise powers expressly granted or necessarily implied	No	Yes

As with the comparison of the authorized services, it can be seen that the powers authorized by the Water Code are quite similar between the two different types of districts. The only difference identified is that conservation districts, unlike municipal water districts, are provided the authority to levy and collect a groundwater charge on groundwater production within their boundary. The Conservation District currently levies such a charge and it is acknowledged that once a consolidation is approved the authority to levy such a charge will be eliminated. However, as shown in Section 5, other revenue sources are more than adequate to continue to provide the necessary services under a more efficient, consolidated organizational structure.

3.3 CONTINUANCE OF CONSERVATION DISTRICT WATER MANAGEMENT AGREEMENTS AND ACTIVITIES

Upon consolidation, Valley District will continue all the services that are currently provided by the Conservation District and efficiently integrate them into its current water management programs. The following provides more detailed information regarding the specific service areas and responsibilities which Valley District will continue after the consolidation:

Surface Water Rights

Description: The Conservation District holds two water right licenses that allow up to 10,400 acre-feet of Santa Ana River water to be diverted for groundwater recharge during certain times of the year. The District also claims certain quantities of pre-1914 water rights on the Santa Ana River and Mill Creek. In addition, the Conservation District has submitted an application to the State Water Resources Control Board (SWRCB) for the purpose of confirming its claimed pre-1914 rights on the Santa Ana River and Mill Creek.

Status: The Conservation District signed a Settlement Agreement with Valley District and Western Municipal Water District of Riverside County (WMWD) in August 2005 (Appendix A) that establishes conditions on Santa Ana River water use priorities and sets limits, based on

hydrologic conditions, on the recharge operations conducted by the Conservation District. As part of that agreement, the Conservation District agreed to subordinate its water rights "so as to conform with the requirements of an annual groundwater management plan to be developed by Valley District and WMWD after consultation with the Conservation District and Bear Valley *et al.*". Any water rights granted by the SWRCB, over and above the current licenses for 10,400 acre-feet per year current licenses, would be subordinate to 100,000 acre-feet per year of Valley District and WMWD rights unless the groundwater management plan calls for additional spreading. Valley District and WMWD retain veto rights over the groundwater management plan to ensure maintenance of the safe yield of the SBBA.

Valley District and WMWD have submitted two water rights applications of 100,000 acre-feet per year each to the SWRCB in an effort to secure an additional long-term water supply from the Santa Ana River for this highly populated region. The Draft Environmental Impact Report (DEIR) for the water rights application establishes the priority for the use of any newly conserved water in the following way:

- 1. Direct Delivery
- 2. Groundwater Recharge in the SBBA
- 3. Groundwater Recharge in other Valley District/WMWD Service Areas
- 4. Water Exchanges

If all the needs are being met for priorities 1 through 3, the opportunity to exchange water from the Santa Ana River with The Metropolitan Water District of Southern California (or other entities) is available. This can only occur during times when the quantity of Santa Ana River water available for diversion exceeds the immediate demands of the local water agencies and the ability to store water in the SBBA and other basins within the joint service areas of Valley District and WMWD. During such abundant water periods, Valley District could deliver Santa Ana River water to the other agencies in exchange for an equal quantity of water to be returned at a more desirable time, effectively lowering the overall cost of water throughout the area.

Post Consolidation: All valid water rights held by the Conservation District will be transferred to and exercised by Valley District. As determined by the Advisory Committee for LAFCO 2919 established by the Commission in September 2005, water rights are considered a real property right which can be transferred. Therefore, upon approval of the consolidation, Valley District intends to request the transfer of existing water rights held by the Conservation District through the State Water Resources Control Board. Further, Valley District will continue to implement the Integrated Regional Groundwater Management Plan (IRGMP) it has initiated with the other water agencies within its boundaries as required by the Seven Oaks Accord, described below, to ensure recharge operations are optimized throughout the SBBA. This plan relies

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⁶ Settlement Agreement Among Conservation District, Valley District, and WMWD, August 2005

heavily on the use of native water for recharge and it will succeed in providing the intended benefits only if this type of recharge is maintained and expanded in the future.

As required by the Memorandum of Understanding (MOU) with the City of Riverside (Appendix B), Valley District will request the withdrawal of the Conservation District's Santa Ana River water rights application. However, this action will have no detrimental affect because it does not interfere with the existing 10,400 acre-foot licenses held by the Conservation District. Further, the Settlement Agreement subordinates any new rights for the Conservation District to the first 100,000 acre-feet of new rights for Valley District and WMWD while maintaining the priority for use of the water for groundwater recharge.

The Conservation District's water rights application for Mill Creek would be transferred to the historic water rights holders, the Mill Creek Water Owners, Crafton Water Company and City of Redlands, as required by the MOU between Valley District and the City of Redlands (Appendix C). The exercise of these water rights is limited by the Integrated Management Program Demonstration Project Agreement (IMPDPA) (Appendix D) to 10,000 acre-feet per year

Due to its obligation to maintain the natural safe yield of the San Bernardino Basin under the Western Judgment, Valley District has a considerable incentive to optimize the use of native water for groundwater recharge. For every acre-foot of use in excess of the safe yield of the SBBA, Valley District is solely responsible for its replacement at substantial cost. Further, Valley District is obligated to maintain the safe yield of the SBBA. A portion of that safe yield is the recharge of native surface water.

Therefore, after a consolidation takes place, groundwater management will be performed in the same manner as it is currently. The cooperative structure for how decisions are made has already been established and Valley District, like all other agencies, is bound to abide by those decisions.

Recharge Facilities and Operations

Description: The facilities currently operated by the Conservation District to accomplish groundwater recharge, canals, diversion structures and percolation basins, are described in more detail in Section 4. Their location is shown on *Figure 2-SBVWCD Facilities*.

Status: The Conservation District recharge facilities along the Santa Ana River and Mill Creek are in good working order and provide groundwater replenishment to a portion of the SBBA.

Post Consolidation: As the successor service provider, Valley District will continue to use the existing recharge facilities, in concert with its own pipelines and pumping plants, to recharge

native surface water into the groundwater basin, in accordance with established agreements and management programs that benefit groundwater producers within the entire SBBA.

The Mill Creek recharge facilities are intended to be transferred back to the City of Redlands once the consolidation is approved by LAFCO in accordance with the MOU between Valley District and the City of Redlands. The City of Redlands had a fee ownership interest in the Mill Creek recharge facilities from their original development in 1921 through 1979. In 1979 the City sold the property for \$1 to the Conservation District to continue the water spreading activities. However, the City of Redlands has since determined that its needs are not being met, nor its interests protected, by the Conservation District⁷. Further, the City of Redlands maintains numerous other water facilities in and around the Mill Creek area for the benefit of its customers and has a full complement of personnel and equipment in the area on a daily basis to facilitate recharge operations in a more efficient manner. Therefore, upon transfer of the property, the City of Redlands will manage the spreading operations for Mill Creek in accordance with the existing agreements and the oversight of Valley District. As with the Santa Ana recharge facilities discussed above, no change in operation of the Mill Creek recharge facilities will occur as a result of the consolidation. This is because the groundwater management framework previously discussed applies equally to the Mill Creek recharge operation no matter which agency is responsible for the day-to-day recharge operations.

Mining Leases

Description: Sand and gravel mining operations have been conducted on both private and public lands within the Santa Ana River Wash Area since the early 1900's.

Status: The Conservation District has made three land leases for mining activities on its land. Copies of each lease, as provided to Valley District by the Conservation District, are attached as Appendix (E).

Post Consolidation: Upon consolidation, these leases will be transferred to Valley District which will continue to administer them in accordance with the existing terms and conditions and as they may be modified as a consequence of the approval of the ongoing Wash Plan process. Valley District has held a similar land lease for mining operations and is fully competent to manage and administer these types of contractual arrangements.

Upper Santa Ana River Wash Land Management and Habitat Conservation Plan (Wash Plan)

Description: The Wash Plan, commonly known as Plan B, is a joint effort among the Conservation District, the Cities of Highland and Redlands, the County of San Bernardino,

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⁷ City of Redlands Memorandum to LAFCO, August 2, 2005

mining companies, and the US Bureau of Land Management as landowners, and other resource agencies with responsibility within the area. Generally, the Wash Plan, once implemented, will result in the designation of certain areas within the Santa Ana River Wash area for mining, water conservation, and environmental mitigation/habitat preservation, in a coordinated management plan that optimizes the benefits of all three competing interests.

This process has been approved by the various parties/signatories of the Task Force Agreement (Appendix F), as well as the U.S. Department of Interior, Fish and Wildlife Service and the California Department of Fish and Game. The Plan consists of National Environmental Policy Act (NEPA)/California Environmental Quality Act (CEQA) environmental documents, a Habitat Conservation Plan (HCP), exchange of property between the Bureau of Land Management (BLM), Conservation District and the two mining operators and mining applications processed by the Cities of Highland and Redlands. The Plan is also intended to be used as the means to transfer land presently under mining leases, to free up the best property for continued, and perhaps expanded, water spreading, and to blend habitat conservation into both.

Status: The Conservation District is the lead agency for the development of the environmental documents for the Wash Plan, which was initiated in the early 1990's. Due to the lack of experienced staff, the Conservation District recently hired a consultant to perform the project management duties associated with this responsibility, including oversight of the environmental consulting team. The Draft EIR is scheduled to be distributed sometime in 2007 with full implementation a year or more after that. In terms of Conservation District specific components contained in the Wash Plan, there is the potential for restoration and/or expansion of percolation basins in the easterly portion of the project area.

Post Consolidation: Valley District will assume the lead agency status and continue to pursue the completion of this important program. This obligation to the Wash Plan is formalized in the aforementioned MOU with the City of Redlands, which states "The Parties shall work cooperatively towards the expeditious completion of the environmental documentation for the Wash Plan and the subsequent implementation."

Santa Ana River - Mill Creek Cooperative Water Project (CWP) Agreement

Description: The CWP Agreement is an agreement among ten public and private water agencies, including both Valley District and Conservation District, which establishes the framework for the transfer of water among the agencies. Its specific purpose can be ascertained from the 1976 CWP Agreement (Appendix G).

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...it is the desire of the Parties to provide for the Parties' beneficial use of the existing Local Water and of the available Import Water supply on an integrated basis utilizing various exchanges and transfers in order to provide for the most economical, efficient, and dependable supply possible at a minimum of expense to water users and the taxpayers and to conserve energy.

Status: Conservation District currently serves as the Project Manager of the CWP at the will of the Management Committee. No CWP Management Committee meetings have been convened in the last few years, but the Conservation District field staff has continued to collect and report instantaneous flow data on behalf of the CWP parties.

Post Consolidation: The CWP agreement allows for any other public agency appointed by the Management Committee and approved by Valley District to serve as the Project Manager of the program. Valley District will request that the Management Committee appoint a new agency to perform the Project Manager duties. Further, existing Conservation District field staff would continue to provide the necessary measuring and reporting of instantaneous flows for CWP parties. No other changes in the operation of the CWP are necessary.

High Groundwater Mitigation and Integrated Management Program Demonstration Projects

Description: Collectively, these programs were developed and have been implemented in an effort to cooperatively address the issues of high groundwater within the area of historic high groundwater in the lower SBBA by balancing the use of native surface water recharge and the need to minimize, to the extent possible, the impacts of earthquake induced liquefaction and flooding.

Status: The Conservation District has been a participant in both programs. Due to its regional perspective and its obligations to manage the groundwater and surface water resources of the SBBA, Valley District has taken a leadership role in these cooperative programs.

Shortly after the Seven Oaks Accord was adopted, Valley District entered into the Integrated Management Program Demonstration Project Agreement (IMPDPA) with the City of San Bernardino Municipal Water Department, East Valley Water District, the City of Redlands, Conservation District, and WMWD (Appendix D). The purpose of the IMPDPA is to gain experience in coordinated basin management as a first step towards the full implementation of the Seven Oaks Accord groundwater management plan provisions. Conservation District agreed to abide by limits on spreading in their facilities of Santa Ana River and Mill Creek water. As prescribed by the Agreement, these established limits on spreading can only be adjusted after all parties meet and confer in advance of the limits being reached, reach consensus on the rationale

for changing the target amounts, and obtain approval of the changed targets from each of the agency governing boards.

Post Consolidation: Valley District will continue to take the lead role in these important programs. No change in the overall implementation of the stated goals will occur as a result of consolidation.

Drought Mitigation Project

Description: In 2004, Conservation District placed funds on deposit to purchase State Water Project water from Valley District with the intent to spread the water to alleviate low groundwater levels brought on by the then-current drought.

Status: The majority of this pre-purchased water was never delivered due to protests from the local water agencies regarding how the Conservation District would charge the local water agencies for such delivery. Therefore, Conservation District sent a letter to Valley District in October 2006 (Appendix H) requesting a refund of the remaining funds. Valley District accommodated the request and the Drought Mitigation Program is no longer active.

Post Consolidation: This project is no longer funded based on the recent reimbursement of the unexpended funds the Conservation District deposited with Valley District for imported water. Therefore, no changes will result from consolidation.

Big Bear Watermaster

Description: The 1977 Big Bear Municipal Water District (Big Bear) Judgment (Appendix I) established a physical solution that allows water, owned by Bear Valley Mutual Water Company (Bear Valley), to be retained in Big Bear Lake that would have historically been discharged through Big Bear Dam and delivered to Bear Valley customers. In exchange for this retained water used for recreational purposes, Big Bear is obligated to deliver in-lieu water to Bear Valley from another source. The Big Bear Watermaster was established by the Judgment to account for flows into and out of Big Bear Lake under the simulated historic and exchange based operations of the lake. Members of the Watermaster include a representative from Big Bear, Bear Valley, and Conservation District.

Status: The Conservation District's role as a member of the Big Bear Watermaster is to ensure that the groundwater basin is not impacted by the operation of the Physical Solution as specified in the 1977 Big Bear Judgment. Valley District has agreed, as a party to a separate agreement

with Big Bear, to deliver State Water Project water or other sources as in-lieu water to Bear Valley as contemplated in the Judgment.

Post Consolidation: Valley District will work with the other Watermaster members and petition the Court with continuing jurisdiction for the Big Bear Judgment to substitute Valley District for Conservation District in the Judgment and assign Valley District to the Big Bear Watermaster Committee. Based on its obligation to maintain the safe yield of the SBBA, Valley District is the logical choice to represent the interests of those who rely on this water source on the Big Bear Watermaster Committee.

Integrated Regional Groundwater Management Plan/Water Facilities Master Plan

Description: Valley District is the lead agency for the development of a comprehensive Integrated Regional Groundwater Management Plan (IRGMP). Other participants include:

- Conservation District
- City of Redlands Municipal Utilities Department
- City of Riverside Public Utilities Department
- East Valley Water District
- City of San Bernardino Municipal Water Department
- West Valley Water District
- Yucaipa Valley Water District
- Water Resource Institute, California State University, San Bernardino (WRI)

Status: A Technical Advisory Group, made up of representatives of the agencies above, submitted a request for grant funding for the IRGMP. On January 3, 2006, Valley District was awarded a grant in the amount of \$498,560. (Appendix J) Since that time, the Technical Advisory Group has been formulating the IRGMP for submittal to the State Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) in mid-2007 as part of an application for project implementation grant funding. Guidelines from DWR and SWRCB state, "The intent of the IRWM Grant Program is to encourage integrated regional strategies for management of water resources and to provide funding, through competitive grants, for projects that protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water." A comprehensive list of water resource projects within the SBBA has been compiled and is currently being evaluated for compliance with the guidelines.

The IRGMP supplements Valley District's existing Regional Water Facilities Master Plan (Master Plan) completed in 1995. The Master Plan specifically addresses water resource

management strategies, including water conservation and the management of groundwater, surface water, imported supplies, reclaimed water and spreading operations. This Plan and the updated IRGMP contain 39 projects identified by Valley District, in cooperation with the other participants, as necessary to allow for the provision of water service throughout its service area. The Conservation District has also submitted a total of four projects that are being evaluated as part of the larger IRGMP.

Post Consolidation: Valley District will integrate the Conservation District's IRGMP projects into its own plans and continue to pursue the timely completion of the IRGMP and subsequent project implementation.

3.4 OTHER VALLEY DISTRICT WATER MANAGEMENT RESPONSIBILITIES

Orange County and Western Judgments

There are two Judgments that have priority within the SBBA. The Orange County Judgment divides the Santa Ana River watershed at Prado Dam and requires three upstream agencies (Inland Empire Utilities Agency, WMWD, and Valley District) to effectively manage water resources within the Santa Ana River such that the Orange County Water District receives the stipulated quantity and quality of water. In part to ensure these flow obligations are met, the Western Judgment aims to preserve the safe yield of the SBBA by establishing entitlements to groundwater and surface water diversions and by requiring replenishment of the SBBA by Valley District when extractions exceed the safe yield. Following consolidation, the Valley District will continue to be represented on the Watermaster Committee for each of these Judgments.

Seven Oaks Accord

In July 2004, Valley District and WMWD entered into the Seven Oaks Accord with a number of water purveyors in the San Bernardino Valley with existing historic rights to Santa Ana River water. (Appendix K) The purveyors include the Bear Valley Mutual Water Company, City of Redlands, East Valley Water District, Lugonia Water Company, North Fork Water Company, and Redlands Water Company. The Seven Oaks Accord requires all parties to cooperate in the development of a groundwater management plan for the SBBA. The Conservation District is not a party to the Seven Oaks Accord. Therefore, no changes are required as a result of the proposed consolidation.

Institutional Controls Groundwater Management Program

Valley District is participating in a program to develop and adopt an Institutional Controls Groundwater Management Program (ICGMP). An ICGMP Agreement was entered into by Valley District, City of San Bernardino, City of San Bernardino Municipal Water Department,

WMWD, City of Riverside, City of Colton, East Valley Water District, West Valley Water District and Riverside Highland Water Company. The agreement calls for the parties to develop an ICGMP that has several objectives: (a) protect the Newmark remedial system from interference; (b) provide adequate water supply, with particular attention to fire protection needs; (c) control high groundwater in certain parts of the City of San Bernardino, to address potential earthquake liquefaction; (d) assure compliance with certain water rights judgments governing inter-basin exports of water; (e) effectively address other groundwater contamination sites in the SBBA, including PCE contamination created by the Norton Air Force Base in the southern part of the City, and the perchlorate and VOC plumes in the Redlands-Crafton area.

The City of San Bernardino Municipal Water Department has stated its concern regarding the potential impacts the Conservation District's recharge operations could have on the ICGMP if not integrated into a basin wide water management program. The consolidation will assure spreading in the Conservation District facilities along the Santa Ana River will be cooperatively managed and consistent with Federal, State, and local government cleanup efforts currently underway in areas outside of the Conservation District boundary.

Summary

In 2005, the Conservation District alleged an incompatibility in having Valley District administer both the Western Judgment and the Conservation District's traditional water recharge role, and in having Valley District serve as both the importer of State Project Water and the agency primarily responsible for the recharge of native surface water. The Advisory Committee for LAFCO 2919, appointed to evaluate this and other consolidation related issues, thoroughly studied the allegation above and found that no incompatibility would result from a consolidation of Valley District and Conservation District. This position was supported by 7 of the 9 agencies represented on the Committee. Further, on a statewide level, several of the 29 State Water Project contractors are County Flood Control and Water Conservation Districts, again showing no incompatibility in having a single agency provide imported water and water conservation services.

Upon Consolidation, Valley District commits to continue providing all services currently provided by the Conservation District.

3.5 BENEFIT TO GROUNDWATER BASIN STAKEHOLDERS

The proposed consolidation of Valley District and the Conservation District is expected to result in improved comprehensive water resource management and substantial financial efficiencies to the benefit of groundwater producers, the public and other municipal agencies. On January 26, 2006 the Advisory Committee for LAFCO 2919 made the following finding;

⁸ Memorandum to San Bernardino Board of Water Commissioners, August 2, 2005

Efficiencies and cost-savings can be achieved through a consolidation. Specifics of such cost savings would be a required part of a "Plan for Service" to be presented as required by State Law and LAFCO policy for an official consolidation application.

Valley District, through its representation on two Watermaster Committees and by means of its leadership in the Seven Oaks Accord and other cooperative programs, is the regional agency best suited to manage the groundwater and surface water resources of the SBBA.

4.0 FACILITY CONDITIONS

4.1 CONDITION OF RECHARGE FACILITIES

The Conservation District's spreading basin infrastructure consists of unlined canals, berms and dikes made of natural material, and open spreading basins. The majority of the canals and percolation basins used were constructed in the 1930's. To create the percolation basins, native material was displaced to create a levee, allowing diverted water to flow in and accumulate. Small concrete structures with gates were constructed to regulate flows between basins. Representative photographs are included in *Figure 3 – Recharge Facilities*.

There are two primary diversion structures, one on the Santa Ana River and one on Mill Creek, with one secondary diversion on lower Mill Creek. The diversion structure on the Santa Ana River was constructed in the 1930's upstream of a concrete and rock diversion structure (Cuttle Weir) placed across the main river channel. This structure originally had a design capacity of 1,000 cubic feet per second (cfs). However, based on available diversion records and known facility constraints on the main canal, less than 250 cfs can reliably be diverted for beneficial recharge. Additional water can be diverted using other local agencies' infrastructure. The diverted water is conveyed under Greenspot Road to the Parshall Flume for measurement, and then to the Santa Ana River recharge ponds for percolation.

The Conservation District's recharge operation has remained relatively unchanged since the facilities were built in the 1930's. The control mechanisms, or gates, are all manually operated and no mechanical automation is used. Each of the ponds, in series, is provided the diverted water passively. As one pond is filled to capacity the remaining water then flows into the next pond, and so on until equilibrium is reached between the amount of water diverted and the overall recharge rate. There is also the opportunity to recharge through the front face of the Seven Oaks Dam pervious material borrow pit, which can be seen on Figure 2. Overall, the Santa Ana River recharge area has 14 percolation basins, with a total wetted area of approximately 131 acres.

The US Army Corps of Engineers reconstructed the Mill Creek diversion structure in the 1980's as part of a flood protection project for the Santa Ana River Main Stem. This facility is rated at 90 cfs. In much the same way as the Santa Ana River facilities, water is diverted from Mill Creek and flows through a series of ponds and manually operated gates. In addition, Santa Ana River water can be conveyed to the Mill Creek recharge area using other agencies' facilities. There are 59 percolation basins in the Mill Creek recharge area with a total wetted area of approximately 66 acres.

4.2 FACILITY MAINTENANCE AND CAPITAL NEEDS

The canals, percolation basins, and concrete structures and gates are in good condition and no capital needs have been identified. The following maintenance discussion is based on the Conservation District's June 2004 draft of the Program for Effective Recharge Coordination (PERC) (Appendix L). Canals are typically dug into the existing topography and are left with their natural surface. Depending on the particular canal location, the bottom and sides of the canals may develop natural rock armor over time as the fine material is washed away or may experience sedimentation. Maintenance activities include clearing encroaching vegetation, removing sediment, and repairing washouts or erosion. Little maintenance of the canals is required beyond weed abatement and sediment removal. Washout and erosion repair is typically accomplished by filling in the eroded area with native material and sometimes with grouted rock. Vegetation control usually occurs annually and other activities occur infrequently as needed. As a result, canal maintenance is minimal with most efforts focused on weed abatement and sediment removal.

Typically, pipe or box culverts are used to pass water in a canal under a road crossing. Maintenance activities include clearing encroaching vegetation, clearing of debris or sediment in the nearby canal and repairing damage to the nearby canal or the culvert itself. Repair of the nearby canal is required when the canal sides above or below the culvert erode or washout and such repair is typically accomplished by filling in the eroded area with native material and sometimes, with grouted rock. Repairing the culvert itself typically requires excavation of the roadway. Vegetation control usually occurs annually, sediment removal every two to three years or when rainfall is sufficient to produce flows that support groundwater recharge, and the remaining activities infrequently as needed.

Dikes are typically comprised of native material (from which much of the rock has been removed) and formed into a berm 5 to 15 feet high. Native vegetation is allowed to grow on the slopes of dikes. Water passes from one basin to the next through overflow culverts, typically constructed of corrugated metal pipe with a concrete headwall that passes through the dikes. Maintenance activities include occasional excavation and compaction of the dike material at the

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⁹ San Bernardino Valley Water Conservation District Municipal Service Review submittal to LAFCO. 2003

source of leaks, similar work to replace broken overflow culverts, and repair of washouts. Such repairs occur infrequently as needed.

Basins are typically areas of shallow excavation on the upstream side of dikes, and are where the actual water percolation takes place. Flow of water into these basins brings suspended sediment, which is dropped to the basin floor during the percolation of the water. Periodic removal of this sediment is required in order for percolation rates to remain efficient. The removal process also tills the basin floor. Maintenance activities include clearing encroaching vegetation and removing sediment. Vegetation control usually occurs annually, and sediment removal occurs every one to five years depending on the basin, storm intensity, and other variables.

Diversion structures divert water from the Santa Ana River and Mill Creek into the recharge system, and once in the system, from canals into basins. The diversion structures typically consist of concrete or cement block, with wooden gates and associated hardware. Maintenance activities include clearing encroaching vegetation, clearing debris or sediment from the nearby canal, repairing the nearby canal, and repairing damage to the structure itself. Repair of the nearby canal is required when the canal sides above, below, or around the diversion structure erode or wash out, and such repair is typically accomplished by filling in the eroded area with native material and sometimes with grouted rock. Vegetation control occurs annually, removal of sediment occurs every two to three years, and all other activities occur infrequently as needed.

Access roads are typically 12 to 15 feet wide and surfaced with native material such as gravel or compacted soil. Maintenance activities include clearing encroaching vegetation, filling ruts and potholes, grading, resurfacing (with similar materials), and repairing washouts. Vegetation control usually occurs annually and other activities usually occur every two to three years.

4.3 LONG-TERM INFRASTRUCTURE MANAGEMENT

Post consolidation, Valley District, in cooperation with the City of Redlands, will continue to operate and maintain the recharge facilities in the same manner as the Conservation District. The City and Valley District are both obligated to operate the recharge facilities in a manner consistent with the Seven Oaks Accord. Further, as part of its ongoing effort to secure a new, long-term water supply from the Seven Oaks Dam, Valley District will strive to greatly enhance the diversion, conveyance, and recharge capability of the Santa Ana River facilities. By increasing these capacities, more water can be beneficially used in a much shorter timeframe to better correspond with the highly variable stream flows of the Santa Ana River.

In order to maintain the effective recharge capacity, Valley District will incorporate inspection and maintenance of the facilities into its standard maintenance procedures. Through a preventative maintenance program, the recharge facilities will be managed to provide a

maximum return to the benefit of the groundwater producers, public and other stakeholders. Similarly, capital needs will be addressed as they arise to ensure that no degradation of the recharge facilities occurs. Valley District has the staff and financial resources to provide for the maintenance, repair, and capital needs of the facilities. Specific financial and staffing related matters are discussed in detail in Section 5.

5.0 SERVICE COST AND REVENUE

5.1 PROJECTED COSTS TO PROVIDE SERVICES

The most accurate method to determine the costs necessary to continue to provide the services currently being offered by the Conservation District once a consolidation is implemented is to perform a detailed side-by-side comparison of the existing expense budgets for both Valley District and Conservation District. From that data, a budget for the new, more efficient, combined organization can be developed to show the total ongoing and one-time cost savings as a result of the proposed consolidation. In accordance with California Government Code Section 56881(b)(1), LAFCO must make the determination that public service costs of a proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service. In order to provide the information needed by LAFCO, Valley District presents the following analysis to further justify, from a financial perspective, the proposed consolidation.

Table 5.1 presents the budget analysis. The first column contains a line number for each expense item to be used as a reference. Columns 2 and 3 contain the current fiscal year budgets from Valley District and Conservation District, respectively. Column 4 shows the total potential costs to the public prior to a consolidation. Column 5 shows the new combined proforma budget for the consolidated organization and Column 6 is simply the difference between the consolidated and non-consolidated budgets and shows the savings/costs to the public as a result of the proposed consolidation. Some principal assumptions used in the development of Table 5.1 include the following:

- 1. Positions are provided to all regular, at the time of consolidation, Conservation District employees at their same rate of pay. Future pay rate adjustments will follow approved policies for all employees of Valley District. The Conservation District General Manager's contract, substantially equivalent to the one in place in November 2006 (Appendix M), will be assumed by Valley District.
- 2. All full-time Conservation District employees shall become full-time employees of Valley District with retention of salaries, vacation/sick leave accruals and accrual rates, retirement and other employee benefits applicable to Valley District.
- 3. All Conservation District administration and field operations will be coordinated within the existing Valley District structure.

- 4. All existing programs and activities of Conservation District are continued.
- 5. The Conservation District's Redlands Plaza and field operations facilities will be sold.

Table 5.1
Budget Comparison and Cost Savings

Line	Expense Item	Valley District 06-07 Budget	Conservation District 06-07 Budget	Total Costs to Public	Valley District Proforma Budget After Consolidation	Annual (Savings)/ Costs to Public
1 2 3 4 5 6 7 8 9 10	Payroll/Directors Fees Salaries Overtime Directors Fees PERS Retirement Payroll Taxes Medical Insurance Dental Insurance Workers Comp. Unemployment Ins. Health Reimb. Plan	1,980,000 75,000 171,990 620,000 113,000 231,344 26,130 55,000	575,000 8,400 61,000 103,000 43,000 75,000 6,600 14,500 2,400 3,100	2,555,000 83,400 232,990 723,000 156,000 306,344 32,730 69,500 2,400 107,100	2,555,000 80,000 171,990 751,750 156,000 306,344 32,730 69,500 2,400 144,000	(3,400) (61,000) 28,750 - - - - 36,900
	State Water Project					
11 12 13 14 15	Debt Service SWP Audit State Water Contract. Variable Energy Ch. Administrative Fees	23,709,143 50,000 160,000 11,000,000 4,010,960		23,709,143 50,000 160,000 11,000,000 4,010,960	23,709,143 50,000 160,000 11,000,000 4,010,960	- - - -
16 17 18 19 20 21 22 23	Fixed Asset Improvement Pipeline Control Sys. Office Equipment Vehicle Replacement Field Improvements Central Feeder Ph. 1 Office Site Improve. SARI Line Capacity Land Purchase	150,000 50,000 74,000 14,000,000 4,000,000 840,960 1,000,000	23,500 16,200 158,000	150,000 73,500 90,200 14,158,000 4,000,000 840,960 1,000,000	150,000 73,500 90,200 14,158,000 4,000,000 840,960 1,000,000	- - - - - -
24 25 26 27 28 29 30	Special Services Legal Watermaster Temp. Office Serv. District Audit CWP Project Mgr Public Educ. & Info. Consultants	765,000 2,400 10,000 27,000 30,000 60,000 4,000,000	125,000 20,000 16,000 211,500	890,000 2,400 10,000 47,000 30,000 76,000 4,211,500	800,000 2,400 10,000 27,000 - 60,000 3,781,500	(90,000) - (20,000) (30,000)* (16,000) (430,000)
31	General Office Expense Liability Insurance	50,000	30,000	80,000	50,000	(30,000)

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Line	Expense Item	Valley District 06-07 Budget	Conservation District 06-07 Budget	Total Costs to Public	Valley District Proforma Budget After Consolidation	Annual (Savings)/ Costs to Public
32	Property Insurance		4,400	4,400	2,000	(2,400)
33	Office Supplies	200,000	7,200	207,200	207,200	(2,400)
34	Printing/Photos	20,000	5,000	25,000	25,000	_
35	Bank Charges/Fees	12,000	2,500	14,500	12,000	(2,500)
36	Postage	12,000	2,700	14,700	14,700	(2,000)
37	Taxes/Licenses	40,000	3,100	43,100	43,100	
38	Advertising	10,000	-,	10,000	10,000	_
39	Education	11,000	2,500	13,500	13,500	_
40	Election Expense	70,000	·	70,000	70,000	_
41	Dues & Subscrip.	125,000	16,500	141,500	130,000	(11,500)
	Travel, Meals & Lodgi					
42	Vehicle Expense	70,000	9,600	79,600	79,600	-
44	Meals & Lodging	35,000	68,800	103,800	45,000	(58,800)
	Special Programs					
45	USGS Data Collect.	1,914,000		1,914,000	1,914,000	
46	SAWPA	248,412		248,412	248,412	-
47	USAWRA Programs	240,412	20,000	20,000	240,412	(20,000)
48	Wash Plan (net)		30,000	30,000	30,000	(20,000)
49	Water Stock Assess.	45,000	33,333	45,000	45,000	_
50	Emergency Prep.	10,000		10,000	10,000	_
51	Loan to SBRWRA	50,000		50,000	50,000	-
52	SB LAFCO Funding	12,000	2,000	14,000	12,000	(2,000)
					•	· · · /
	Operations Expense					
53	Utilities, Comm.	1,600,000	27,700	1,627,700	1,610,000	(17,700)
54	Maint. & Repairs	2,500,000	17,900	2,517,900	2,517,900	~
55	Field Supplies	200,000	18,000	218,000	218,000	-
56	Yucaipa Lakes	20,000	F0 000	20,000	20,000	-
57 58	Spreading Fac. Maint	5,000	50,000	55,000	55,000	-
58 59	Water Quality Testing Equipment Rental	35,000		35,000	35,000	_
Ja	Equipment Rental	2,000		2,000	2,000	-
	Total Expenses (net)	\$74,582,339	\$1,780,100	\$76,382,439	\$75,662,789	(\$699,650)

Total Ongoing Annual Savings to Public from Consolidation

\$699,650

Cost to Provide Conservation District Services After Consolidation \$1,080,450

^{*}Not included in sum

Table 5.1 shows an ongoing annual cost savings of approximately \$700,000 to the public as a result of the proposed consolidation. The cost to continue to provide the services identified by the Conservation District under the new, more efficient organization is \$1,080,450.

The cost savings, more specifically detailed below, generally fall into three categories. First, there is a significant cost savings simply from the fact that the consolidated organization does not require a separate Board of Directors and legal counsel. Secondly, much of the Conservation District's administrative costs become redundant once the consolidation is implemented. Thirdly, costs associated with involvement in other regional agencies and programs are minimized due to the fact that a single organization is now paying dues, subscriptions, and other costs.

The following list, referenced by their corresponding line number from Table 5.1, provides a more detailed explanation of the consolidated expense items that result in ongoing savings or costs.

Line	Expense Item	Comment
2	Overtime	Savings as a result of consolidated field operations where
		efficiencies are attained due to the reduction of overlapping
		coverage.
3	Director's Fees	Conservation District Board Members no longer compensated for
		the same number of meetings attended. Advisory Board for
		Consolidation members are compensated for attendance at
		meetings (costs covered as one-time expenses). Valley District
		Board members attend many of the same meetings therefore an
		offsetting expense is not required.
4	PERS Retirement	Conservation District employees currently covered under PERS
		2.5% at 55 plan. Based on PERS information, the increased costs
		to transfer these employees to Valley District's 3% at 60 plan is
		approximately 5% of payroll. ($$575,000 \times .05 = $28,750$)
10	Health	Conservation District employees will be provided Valley
	Reimbursement	District's standard reimbursement plan in lieu of their existing
	Plan	vision coverage and other minor health benefits.
24	Legal	Significant cost savings will be derived from the elimination of
		redundant legal support for the Conservation District Board,
		Redlands Plaza, and other administrative programs. New
4 000		consolidated budget includes \$35,000 per year for ongoing legal
		costs associated with the Conservation District's activities.
27	District Audit	The addition of the Conservation District's operations into Valley
		District's will not require additional audit expense.
28	CWP Project	The staff expense to perform these functions is now included in

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Line	Expense Item	Comment	
	Manager	the consolidated budget salary account. This cost is not included in the sum of savings to the public because there is an offsetting entry in the revenue budget.	
29	Public Education & Information	No additional expense in this category is necessary because all programs now coordinated under Valley District's existing programs.	
30	Consultants	Consultant expenses for Legislative, Water Rights, and Other Professional Services are redundant under the consolidated organization. To be consistent with expectations for other Valley District employees, the three professional positions at the Conservation District will be expected to offset existing Valley District consultant costs at a rate of 50% of their total salary and benefits cost. This expectation is reasonable because many of the existing Conservation District tasks will no longer be performed. (i.e. Annual Engineering Investigation, Board Meeting package preparation, etc.)	
31	Liability Insurance	Valley District is self insured for most losses so no additional liability insurance is required.	
32	Property Insurance	Reductions due to sale of surplus Conservation District assets.	
35	Bank Charges	Reductions due to consolidated banking services.	
41	Library, Dues & Subscriptions	Reductions resulting from combined membership in various organizations (ACWA, WestCAS, etc) Valley District is a member of ACWA and is a member of the Santa Ana Watershed Project Authority who is a member of WestCAS	
44	Meals & Lodging	Even though the number of representatives, Directors and employees at the Conservation District is roughly 50% of that at Valley District, the Conservation District budgets almost twice as much for travel related expenses each year. Approximately \$41,000 per year will be saved through the elimination of the travel related expenses for the Conservation District Board members. Further, Valley District has more conservative travel policies for employees, saving an additional \$18,000 per year.	
47	USAWRA Programs	Valley District is already a member of this program so these costs are redundant.	
52	LAFCO Funding	Conservation District expense no longer required.	
53	Utilities	Significant savings as a result of the consolidation of personnel and operations including services for alarm, electricity, telephone, natural gas, water, internet services	

In conclusion, the consolidation will result in an estimated \$700,000 annual decrease in the costs to provide the services of the Conservation District. Further, it is anticipated that the \$700,000 projected annual savings shown in Table 5.1 will continue into the foreseeable future resulting in millions of dollars of savings to the public.

5.2 PROJECTED REVENUE

One Time Savings: There will also be a series of one-time savings and costs associated with the proposed consolidation as follows:

Gain from Sale of Conservation District Assets	\$3,240,000
Advisory Commission for Consolidation Costs	-\$20,000
Accrued Salaries and Benefits	-\$67,294
One Time Transfer Costs (Office Improvements, Administrative, etc.)	-\$30,000
Net One Time Savings ⁻	\$3,122,706

These include a one-time gain from the sale of two Conservation District properties at 1630 West Redlands Blvd. and 2181 Mentone Blvd. An Opinion of Values conducted by a licensed real estate appraiser (Appendix N) on these properties determined approximate values of \$2,000,000 and \$1,240,000, respectively. Additional one-time costs associated with the transfer of employees and the establishment of the Advisory Board for Consolidation are estimated at \$30,000 and \$20,000, respectively. Accrued Salaries and Benefits as shown on the Conservation District's Balance Sheet dated June 30, 2006 of \$67,294 is also shown as a one-time consolidation expense. All of these one-time items result in a gain of approximately of \$3,120,000. This amount will be placed in the segregated Basin Management Account, as specified in the MOUs between Valley District and the City of Redlands and Valley District and the City of Riverside and WMWD, to be used for groundwater basin recharge purposes.

Ongoing Revenues: The services currently provided by the Conservation District as described in Section 3 are funded through a combination of property tax revenues, mining rents/royalties, groundwater assessments and interest. As with the expense items above, a combined revenue budget table (Table 5.2) has been compiled using the same methodology.

Table 5.2 Budgeted Revenue Comparison

Line	Income Item	Valley District 06-07 Budget	Conservation District 06-07 Budget	Total Costs to Public	Proforma Budget After Consolidation	Annual Revenue (Reduction) / Increase
1	Property Taxes	47,908,860	40,000	47,948,860	47,908,860	(40,000)
2	Groundwater Assess.	-	417,000	417,000	· · ·	(417,000)
3	Mining Revenue		996,000	996,000	996,000	-
4	Wash Plan Reimburs.		20,000	20,000	20,000	-
5	CWP Project Mgr.		30,000	30,000	-	(30,000)*
6	Construction Fund	4,000,000		4,000,000	4,000,000	_
7	SARI Brine Line Cap.	840,960		840,960	840,960	-
8	Baseline Feeder	458,994		458,994	458,994	_
9	Water Sales/Use	4,753,930		4,753,930	4,753,930	-
10	Grant Income	600,000		600,000	600,000	-
11	Admin. Fund Trans.	3,410,500		3,410,500	3,410,500	-
12	Interest	2,298,124	260,000	2,583,124	2,558,124	25,000
13	Return of Bond Cover	2,500,000		2,500,000	2,500,000	-
14	Rental Income	1,000	43,000	44,000	1,000	(43,000)
15	COP Payments	840,000		840,000	840,000	-
16	Reserves	6,219,971		6,249,971	6,249,971	-
17	Other	750,000		750,000	750,000	-
	Total Revenue	\$74,582,339	\$1,786,000	\$76,368,339	\$75,893,339	(\$475,000)

Annual Revenue for Basin Management Account \$1,311,000

* Not included in sum

Valley District currently receives a portion of the one-percent property tax revenue for all parcels within its boundaries, as does Conservation District. In order to avoid a "doubling up" of property tax revenue that would accrue to Valley District for parcels within the current Conservation District boundary, Valley District anticipates that it will forego its claim to this tax revenue during the negotiation of a tax sharing agreement with the County of San Bernardino as shown on Line 1 of Table 5.2.

Under its principal act, Valley District may not levy and collect groundwater assessments. Therefore, the consolidation will result in an estimated \$417,000 annual savings to the public based on Fiscal Year 2006-2007 data as shown on Line 2. These assessments are currently levied by the Conservation District at a rate that requires payments of \$597,000 from the groundwater producers within the Conservation District boundary. However, a portion of the

charges collected are refunded at the discretion of the Conservation District Board. In the Conservation District current year's budget, \$180,000 is expected to be refunded to the groundwater producers. Therefore, the net collection of groundwater assessments of \$417,000 is shown in the revenue table.

The \$30,000 revenue shown in the Conservation District budget for the Cooperative Water Project (CWP) - Project Manager activities will no longer be realized. Under the approved terms of the CWP Agreement, this expense is now paid by Valley District. However, once a consolidation is implemented the transfer will no longer be required because the employees performing the flow reporting will be on the Valley District payroll. This revenue is not included in the total revenue reductions because there is an offsetting entry in the expense budget. It is anticipated that the agency that is assigned by the Management Committee and approved by Valley District to perform the Project Manager duties will contract with Valley District for the use of these employees' time. This assumption is made based on the fact that the two Conservation District field employees are the most knowledgeable and qualified to continue to provide this service.

Interest revenues are shown on Line 12 of Table 5.2. It is anticipated that slightly more interest will be earned as a result of the proposed consolidation. In addition to the Local Agency Investment Fund (LAIF) utilized by Conservation District, Valley District invests certain reserves in Government Securities backed by the full faith and credit of the United States. These types of securities typically provide a 50 basis point (0.5%) advantage over the LAIF investment used by the Conservation District resulting in a conservative estimate of \$25,000 in additional annual interest revenue for a total of \$285,000.

Based on the financial analysis discussed above, ongoing revenues will be more than adequate to fund current Conservation District activities in the future. By subtracting the net revenue reductions from the net cost reductions the net annual proceeds from the proposed consolidation are as follows:

Ongoing Annual Cost Reduction \$700,000
Annual Revenue Reductions -\$475,000
Net Annual Proceeds from Consolidation \$225,000

After accounting for expense reductions and revenue reductions, the proposed consolidation provides an additional \$225,000 per year over that amount required to continue the Conservation District's activities as shown in their current budget. This annual amount will be combined with the one-time savings determined above and placed in the segregated Basin Management Account to be used exclusively to fund recharge efforts and other basin-related operations as required by the MOUs between Valley District and the City of Redlands and Valley District and the City of Riverside and WMWD.

After consolidation, the primary source of revenue used to fund the groundwater recharge services will be the royalties from mining supplemented by other income including interest generated from reserves and mining advance deposits. It is, therefore, important to analyze the stability of these revenue sources to ensure that the ongoing groundwater recharge activities can be preserved.

Mining royalty revenue is based on the quantity of material mined, which is subject to change based on external economic conditions. However, the availability of alternate extraction sites is limited, and the extracted material is in high demand. Therefore, with the exception of a change in regulatory conditions, the potential for a significant decrease in mining revenues in the foreseeable future is minimal. Anticipating a regulatory change would be speculative at this point in time as there is no indication that mining activities would be limited. Further, one of the objectives of the Wash Plan is to ensure that mining activities necessary to promote the economic viability of the region are sustained. In fact, the State of California classifies the wash area as a Class 2 Mineral Resource Zone (MRZ). This designation indicates that adequate information exists to determine that the area contains significant mineral deposits and development should be controlled.

Conservation District has lease agreements with three entities: Cemex, Redlands Aggregate and Robertson's Ready Mix. The Cemex lease provides for royalty payments on each ton of material mined from the site. The current royalty rate is \$0.45 per ton. On June 1, 2016, the royalty rate will be set at the Fair Market Value Royalty Rate, with a minimum of \$0.35 per ton. This lease also provides additional payments, in the form of minimum rental (currently \$14,000 per year), and for processing of materials mined outside of the lease area (\$0.05 per ton). Cemex has the option to extend the lease in five-year increments, in its current form, to June 1, 2046.

The Redlands Aggregate lease agreement requires that 5-percent of the sale price of each ton of material sold is paid in royalty to Conservation District. The leaseholder is required to pay a minimum of \$36,000 per year in royalty payments regardless of the actual amount of material sold. This lease may be extended in five-year increments, with its current terms, to December 20, 2019, and extended with renegotiated terms to December 20, 2044.

In 1993, Robertson's Ready Mix prepaid royalties of \$5 million in anticipation of mining the first 12 million tons from an area leased from Conservation District. Thereafter, Robertson's will pay the Fair Market Value Royalty Rate for each ton excavated, provided that the rate will begin at a minimum of \$0.50 per ton with a maximum of \$0.55 per ton. This rate shall be revised every five years to be consistent with changes in the Consumer Price Index. Permits from other state and local agencies for mining the lease area have not been obtained by Robertson's. As part of the Wash Plan, the existing lease area will be exchanged for other

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property in the Wash, and permits will be sought for mining on the exchanged property. The Robertson's lease term begins on a date determined by permits to be issued under the Wash Plan, which is expected to occur sometime in 2008. From that date, the lease term extends ten years, with Robertson's having the option to extend the lease in five-year increments, in its current form, for another twenty years. The lease provides that if Robertson's is unable to secure mining permits for the lease area within a defined period, the prepaid royalty shall be refunded, without interest. Because of this potential refund obligation, Conservation District has restricted use of the fund principal until such obligation is removed. Accordingly, Valley District will establish an appropriate restricted account for this prepaid royalty.

To provide further substantiation for the ability of mining revenues to continue to provide a reliable revenue source to fund important recharge operations, an analysis was performed using past mining revenue data provided by Conservation District. These annual revenue numbers going back to 1990 were normalized based on the current mining royalty rates to determine the amount of mining revenue that can be expected in the future. This analysis, that was provided as part of the Advisory Committee for LAFCO 2919 Report to the Commission, determined average annual revenues of \$856,000 from mining could be expected in the future (\$140,000 less than the current annual revenue budget from Conservation District budget). If this more conservative mining revenue estimate is applied to the annual revenue determined from Table 5.2 of \$1,311,000, the amount of revenue available each year is 1,171,000 to continue to provide the services of the Conservation District, which is more than enough to cover the \$1,080,000 of ongoing expenses of the Conservation District determined in Table 5.1.

5.3 BENEFIT TO RATEPAYERS AND TAXPAYERS

As discussed above, the proposed consolidation would result in a net financial gain to the ratepayers as well as taxpayers. As a result of verifiable efficiencies, overall costs to the public would be reduced annually by \$700,000 without compromising groundwater recharge operations. Even assuming a reduction in mining revenue of \$140,000 annually, Valley District expenses for recharge operations of \$1,080,000 would be completely covered by mining and interest revenues of \$1,171,000 into the foreseeable future. The groundwater assessment levied by the Conservation District would no longer apply, and the groundwater producers would realize a significant reduction in water costs.

6.0 TRANSITION PLAN

Valley District understands that an orderly, timely transition for the consolidation of the two districts is essential for the effective management of the region's water resources as well as to maximize the benefits which the consolidation will provide to the groundwater producers, ratepayers, and the public. In addition, the MOUs which Valley District has entered into with 1)

the City of Redlands and 2) the City of Riverside and WMWD place certain requirements on Valley District for the transition and future recharge operations. The following transition plan has been prepared in accordance with these agreements. Information on the Conservation District's assets and liabilities is based on data provided by the Conservation District in August 2006.

Valley District will assign Douglas Headrick, Deputy General Manager, to oversee and manage the transition. Mr. Headrick has direct experience with each of the key agencies through his previous tenure with the Conservation District and the City of Redlands. Mr. Headrick will direct staff to ensure that each of the functions is addressed in a timely manner. In addition to directing the transition efforts, Mr. Headrick, with input from the Advisory Board for Consolidation as described in Section 6.4, will prepare an operating plan and budget in accordance with the MOUs, attached as Appendices B and C, and the Basin Management Account structure as set forth in Section 6.1.

6.1 BASIN MANAGEMENT ACCOUNT

Valley District will establish a Basin Management Account in accordance with the MOUs referenced above. The Basin Management Account will be a segregated account that will only be used to fund recharge efforts in the Basin, including but not limited to reasonable staff costs and administrative expenses related to recharge efforts. The account will be supervised in a manner consistent with the Seven Oaks Accord by a committee composed of the City of Redlands, Valley District, the City of San Bernardino Municipal Water Department, the City of Riverside Public Utilities Department, and WMWD. Valley District will provide an annual report on the fund's operations to the parties of the Seven Oaks Accord and to all other water purveyors in the San Bernardino Basin Area. It is the intent of the parties to the MOUs that the Basin Management Account be used by Valley District, to the greatest extent consistent with sound basin management, to fund the actual costs of recharge projects rather than to fund studies of basin hydrology, lithology, or contamination.

The June 30, 2006 Balance Sheets for Valley District and Conservation District are shown together in *Figure 4 – Comparison of Un-Audited Balance Sheets*. Upon consolidation, the Balance Sheet for the Conservation District will become the Balance Sheet for the Basin Management Account and will be tracked separately from Valley District's other financial information. The \$5,000,000 pre-paid mining royalty deposit will continue to be restricted as deferred revenue.

Valley District will place all funds held by the Conservation District as of the effective date of the consolidation as well as all revenues, rents and proceeds from assets and property owned into the Basin Management Account. All financial transactions related to the transition will be

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recorded within this Account. All revenue, rents and proceeds being received or receivable over time by the Conservation District at the time of consolidation will also be placed into this segregated account. If all of the revenue accruing to the Basin Management Account in a given fiscal year is not needed in order to fund such recharge efforts in the Basin, the remaining revenue will accumulate in the account until needed. Although it is not expected to occur, if the Basin Management Account funds are depleted in the future, Valley District will continue to provide the resources necessary from its General Fund to continue the Conservation District's services.

6.2 TRANSFER OF ASSETS AND LIABILITIES

Upon the effective date of consolidation, Valley District will begin implementing an efficient transition plan in accordance with the goals of the consolidation. The preliminary plan for transfer of assets and liabilities is as follows:

Conservation District Current Assets (as shown on the un-audited Balance Sheet dated June 30, 2006)

Current Assets	Balance at 06/30/2006	Transfer Action
1010-Bank of	\$122,907	Transfer to Basin
America-Checking		Management Account
1020-Petty Cash	\$200	Transfer to Basin
		Management Account
1030-LAIF	\$8,646,728	Transfer \$5 million to
		restricted account;
		Change ownership
		record on balance
1200-Accounts	\$8,053	Notify accounts in
Receivable		writing regarding
		change
1205-Royalties	\$112,098	Notify mining lessees
Receivable		regarding change;
		prepare lease
		amendments for
		signature
1206-Rent Receivable	\$2,045	Notify tenants of
		change in writing;
		prepare lease
		amendments for
		signature

Current Assets	Balance at 06/30/2006	Transfer Action
1210-Interest	\$59,255	Notify payor of
Receivable		change in writing

Conservation District Fixed Assets (as shown on the audited Balance Sheet dated June 30, 2005)

Fixed Assets	Balance at 06/30/2005	Transfer Action
Redlands Plaza	\$355,425	Transfer title to Valley
Property and		District;
Equipment – net		Declare as surplus
		property, sell asset
Land, buildings,	\$269,093	Transfer title to Valley
paving – net		District;
		Declare as surplus
		property, sell asset
Vehicles – net	\$22,926	Transfer title to Valley
		District
Field equipment – net	\$8,309	Transfer title to Valley
		District where
		necessary
Wells – net	\$316,060	Transfer ownership
		record with DHS to
		Valley District
Office Building and	453,526	Transfer title to Valley
Land – net (2181		District;
Mentone)		Declare as surplus
		property, sell asset
Office equipment – net	\$35,079	Transfer to Valley
		District administrative
		office

Conservation District Liabilities (as shown on the un-audited Balance Sheet dated June 30, 2006)

Liabilities	Balance at 06/30/2006	Transfer Action
2190-Accrued Salaries	\$67,294	Record liability for
and Benefits		Valley District -
		Conservation staff
		accrued vacation and
		sick time
2710-Notes Payable –	\$19,065	Transfer title and note
Suburban		to Valley District

Conservation District Operating Revenues and Expenses (as shown on the un-audited Balance Sheet dated June 30, 2006)

Revenues/Expenses	Transition Action
4020-Groundwater	Notify groundwater
Charge	producers of
	groundwater charge
	cessation; establish
	reporting protocol for
	groundwater
	production through
	effective date of
	consolidation
Operating Expenses to	Notify providers
be eliminated as noted	
above in Table 4.1	

Water Rights

Within one month of the effective date of consolidation, Valley District will initiate the process to transfer water rights of the Conservation District to Valley District. Within five (5) days of the effective date of consolidation, Valley District will send a letter to the State Water Resources Control Board withdrawing that portion of the Conservation District's water right application (No. 31371) relating to diversion of water from the Santa Ana River. In conjunction with these efforts, Valley District shall initiate the process to be named to the Big Bear Watermaster Committee.

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Conveyance of Real Property to the City of Redlands

Per the MOU with the City of Redlands, the Mill Creek spreading basins that were formerly owned by Redlands shall be conveyed back to the City. The conveyance shall include the property originally held by the East Lugonia Water Company. The City of Redlands will operate these facilities in a manner consistent with the Seven Oaks Accord. The costs of operating the Mill Creek spreading basin shall be covered by disbursements from the Basin Management Account as identified in an annual operating budget prepared by Valley District.

6.3 EMPLOYMENT OFFERING

On the day following the effective date of consolidation, or the day complete personnel information is received from the Conservation District, whichever is later, Valley District will employ each employee of the Conservation District. All regular Conservation District employees shall become employees of Valley District with retention of salaries, seniority rights, vacation/sick leave accruals, and retirement benefits. The employment offer will include the pay rate and benefits, as well as a general job description and terms and conditions, such as vacation/sick leave accruals being transferred, accrual rates, etc. Valley District will compensate Conservation District employees at their same rate of pay with cost of living adjustments and step increases following standard Valley District policies. All benefits currently available to Valley District employees will be offered to Conservation District employees to ensure equity. The following benefits are currently offered by Valley District:

- Medical and Dental Insurance premiums paid
- Public Employees' Retirement System (PERS) 3% at 60 Plan
- Voluntary 457 Plan
- 96 hours per year of sick leave accrual
- 80-160 hours of vacation per year based on years of service
- 12 paid holidays per year
- Deductibles Reimbursement Plan

Valley District offers an enhanced benefit package over what is currently offered by the Conservation District. However, if there is any particular benefit that the Conservation District currently offers that is found to be an enhancement to that offered by Valley District, the enhanced benefit will be offered to all employees.

Valley District's General Manager will meet with Conservation District employees who opt to become employees of Valley District to ensure a smooth transition of all employees. It is the intent of Valley District to quickly integrate all Conservation District employees into its organizational structure to create a seamless, efficient operation. Figure 5 – Consolidated

Organizational Chart shows the general relationship and titles of the employees in the consolidated organizational structure.

6.4 ESTABLISHMENT OF AN ADVISORY BOARD

Upon LAFCO approval of the consolidation, Valley District intends to establish an Advisory Board for Consolidation. The Board will serve in an advisory role to the Valley District Board of Directors on issues directly related to groundwater recharge operations within the Santa Ana River and Mill Creek and the Big Bear Watermaster. The Board will be established with seven members consisting of the current Directors of the Conservation District on the effective date of the consolidation. To ensure an efficient transition, two Valley District Directors will be appointed as ex-officio members of the Advisory Board and will attend the meetings.

Valley District's intent in establishing the Advisory Board is to have access to and benefit from the knowledge and experiences of the Conservation District Directors in the future management of these recharge facilities. It is anticipated that this knowledge base will transfer to Valley District over time, and therefore the Valley District resolution establishing the Commission will include a sunset clause expiring four (4) years from the date of formation. The Commission will be limited to those current Conservation District Directors as noted above, and they will be eligible to serve for a period equivalent to their current elected term.

The Advisory Board for Consolidation meetings will be held quarterly at Valley District headquarters and will be open to the public. The Advisory Board will provide an annual report to the Valley District Board of Directors containing recommendations for funding of recharge facilities transferred as part of the consolidation. The Advisory Board will meet with the Valley District Board of Directors at least once a year to present its funding recommendations. The Board Secretary of Valley District will be assigned to be responsible for meeting notices, agenda distribution, and minutes. Commission Members will be compensated at a rate of \$180 per meeting. Benefits will not be included, and no additional meeting or travel expenses are anticipated.

7.0 OPERATIONS OF SUCCESSOR DISTRICT

The consolidation of the Conservation District and Valley District will provide benefits to the people who are currently served by both districts. This section of the Plan for Service will provide further details as to how each service and function will be performed by the integrated staffs of the Conservation District and Valley District. The organizational chart that will guide

the integration of the staffs (Figure 5) shows the inter-relationships of the individual positions and functional teams in the consolidated structure.

7.1 EMPLOYEES' RESONSIBILITIES

To ensure the realization of all possible efficiencies, Valley District will implement a seamless employee transition of all Conservation District employees using the organizational structure shown in Figure 5. The experience, skill set, and career aspirations of each employee will be discussed with each employee to determine the appropriate position of responsibility within the Valley District organization. Based on the data available to Valley District, details of the general level of responsibilities of each of the nine current Conservation District positions are provided below.

General Manager: The Conservation District General Manager will be integrated into the executive management team of Valley District as the External Affairs Manager. As a member of this team, this person will be responsible for a variety of management duties mainly focused on establishing and maintaining relationships with external agencies including Federal and State governments. Additional responsibilities will be to monitor and report, to the Valley District General Manager, pertinent information regarding legislative activities. This position assignment is based on the past experience of the current Conservation District General Manager who held a similar position with Eastern Municipal Water District.

Assistant General Manager: The Conservation District Assistant General Manager will become a member of the Valley District management team as the Manager of Water Resources. Although this position is currently unfilled, it is anticipated, based on the experience and educational requirements in the job announcement, that someone qualified for this position would be well suited for the Manager of Water Resources position at Valley District. In this capacity, this person will perform project managerial duties associated with a variety of water resource planning projects. Examples of projects where this position would provide benefits include both those currently coordinated by the Conservation District like the Wash Plan and those of Valley District like the IRGMP. This person will work closely with the Valley District Engineering/GIS Team. Benefits to the public will result as this employee performs a certain amount of work currently covered by consultants at Valley District.

Director of Land Resources: The Conservation District Director of Land Resources will also become a member of the Valley District management team as Manager of Land Resources. This position will have responsibilities for projects with a focus on land resources and environmental planning including endangered species related issues. Although this position is currently unfilled, it is anticipated that, based on the experience and educational requirements in the job

announcement, someone qualified for this position would be well suited for the Manager of Land Resources position at Valley District. Benefits would be derived by having this additional skill set as part of the Engineering/GIS Team as a result of several ongoing environmental planning projects being coordinated by Valley District. The Wash Plan and Valley District's East Branch Extension Phase II are examples of projects where this skill set is necessary. This person will work closely with the Valley District Engineering/GIS Team. The public will derive benefits from the consolidation as this employee performs tasks that are currently accomplished by consultants at Valley District.

Assistant to the General Manager: The Conservation District Assistant to the General Manager will become the third new member of the Valley District management team. This person will be responsible for high level administrative tasks including Board and Commission support, document management, and accounting related duties. These duties are similar to those currently provided by this employee at the Conservation District. This person will work closely with the Valley District Administration Team.

Executive Assistant: The Conservation District Executive Assistant will become an integral member of the Valley District Administration Team as an Administrative Assistant with varied duties similar to those currently performed. These duties include report preparation, filing, and meeting support.

IT/GIS Administrator: The Conservation District IT/GIS Administrator will retain the same title and become a member of the Valley District Engineering/GIS Team. This person will perform tasks similar to those at the Conservation District including map preparation, data development, and quality control. Mapping functions for the Wash Plan and recharge facilities are examples of projects the IT/GIS Administrator will support.

Field Operations Specialist II: The Conservation District Field Operations Specialist II will become an integral member of the Valley District's Operations Team as an Operations Technician II. In this role, supervision of the maintenance and repair of the recharge facilities will remain the primary responsibility of this person. The many years of experience this employee brings to Valley District will not only be utilized for recharge operations, but also in the broader context of Valley District's operations. Further, cross training opportunities will be provided to this employee along with training for any licenses that may be required to operate Valley District facilities. The coordination of contractors performing maintenance work on the recharge facilities will also continue to be a responsibility of this position.

Field Operations Specialist I: The Conservation District Field Operations Specialist I will also become a member of the Valley District Operations Team. This person will be involved in tasks similar to those currently performed and the years of experience operating and maintaining

recharge facilities will be utilized to the benefit of the public. Recharge facility maintenance and repair will be the primary duties of this position with support to other Valley District operations and maintenance duties as appropriate. Cross training opportunities will be provided and any other training necessary to obtain licenses that may be required to operate Valley District facilities.

Administration Assistant (Part-time): The Conservation District Administration Assistant (Part-time) will become a Receptionist/Secretary for Valley District. This position will provide support to the front office functions at Valley District. This will include telephone support and other general administration duties.

7.2 SUCCESSOR DISTRICT PROJECT RESPONSIBILITIES

Each of the Conservation District employees listed above will be assigned duties that support the Valley District objective of providing efficient water management services to its constituents. As provided in Section 3.3 above, each of the Conservation District's services and activities will be continued by Valley District and integrated into its overall resource management programs. The General Manager is appointed by the Board of Directors and will be responsible for all activities. However, the teams of positions listed below will administer and coordinate the activities of each service or project. Each project is listed with the employees from both staffs who will provide primary and secondary support.

Table 7.1 Staff Project Support

Service/Activity	Staff Support
Surface Water Rights	Deputy General ManagerManager of External Affairs
	 Manager of Water Resources
Recharge Facility Operations and Maintenance	 Manager of Water Resources Operations Manager Operations Technician II Operations Technician I

Service/Activity	Staff Support
Mining Leases	Deputy General Manager
	 Manager of External Affairs
	 Manager of Land Resources
Upper Santa Ana River Wash Plan	Deputy General Manager
(Plan B)	 Manager of External Affairs
	 Manager of Water Resources
	 Manager of Land Resources
Santa Ana River – Mill Creek Cooperative	Chief Engineer
Water Project Agreement (Project	 Manager of Water Resources
Manager)	 Operations Technician II
	 Operations Technician I
Big Bear Watermaster	Deputy General Manager
	 Manager of External Affairs
	 Manager of Water Resources
High Groundwater Mitigation and	Chief Engineer
Integrated Management Program	 Manager of Engineering & Planning
Demonstration Projects	Manager of Water Resources
Drought Mitigation Project	Chief Engineer
	 Manager of Engineering & Planning
	Manager of Water Resources
Integrated Regional Groundwater	Chief Engineer
Management Plan/Water Facilities Master	 Manager of Engineering & Planning
Plan	 Manager of Water Resources
Institutional Controls Groundwater	Deputy General Manager
Management Program	Manager of Engineering & Planning
	Manager of Water Resources
Valley District Operations	Chief Engineer
	Operations Manager
	All other Operations Personnel
Orange County and Western Judgments	Chief Engineer

Service/Activity	Staff Support	
	Manager of Engineering & PlanningManager of Water Resources	

Table 7.1 does not provide a comprehensive list of all activities of Valley District that the combined staffs will be responsible to support. However, it does provide a listing of all the current Conservation District activities and several Valley District groundwater management activities that together demonstrate how the consolidated organization will effectively serve the needs of the public. Current Valley District personnel will be cross-trained by current Conservation District personnel so as to be able to operate all facilities that will be owned or operated by Valley District in the future. Similarly, all current Conservation District personnel will be cross-trained by current Valley District personnel so as to be able to operate all facilities that will be owned or operated by Valley District in the future. In this way, the consolidation will result in an integrated workforce, able to seamlessly perform all tasks required to provide the best possible service to the public.

8.0 CONCLUSION

This Plan for Service is part of the reorganization application submitted by Valley District as directed by LAFCO in Resolution 2893. It evaluates, from an organizational, resource management, and financial perspective, the potential issues associated with the consolidation of the Conservation District and Valley District. In agreement with LAFCO Resolution 2893, this Plan substantiates the benefits of the consolidation of the two districts based on significant water management and financial efficiencies.

The Conservation District provides groundwater recharge services in the eastern portion of the SBBA and administers or participates in a number of other activities. Once the proposed consolidation is approved, Valley District will assume the responsibility to continue each of these services and activities. In a variety of regional projects and planning programs, Valley District has demonstrated responsible leadership in managing water resources within the San Bernardino Basin Area using a balanced and proactive approach. This same approach will be applied to the Conservation District services as they are integrated into the larger Valley District programs.

The proposed consolidation of the Valley District and the Conservation District is expected to result in improved comprehensive water resource management and substantial financial efficiencies to the benefit of groundwater producers, the public and other municipal agencies. Every year, \$700,000 in savings will be generated as a result of the more efficient consolidated organizational structure. Groundwater producers will see a direct and immediate savings through the elimination of the groundwater assessment currently levied and collected by the Conservation District. In addition, one-time income of over \$3,120,000 will result from the implementation of the consolidation. All funds, one-time and ongoing, derived from the consolidation will be used exclusively to promote basin management activities, primarily groundwater recharge using native surface water.

SBVWCD-SBVMWD Consolidation

P: 916/444-1000 F: 916/444-2100 downeybrand.com

David R.E. Aladjem daladjem@downeybrand.com

August 10, 2007

Tom Dodson Tom Dodson & Associates 2150 N. Arrowhead Avenue San Bernardino, CA 92405

Re: Initial Study - Proposed Consolidation of San Bernardino Valley Water Conservation District and San Bernardino Valley Municipal Water District

Dear Mr. Dodson:

Doug Headrick of San Bernardino Valley Municipal Water District ("Valley District") asked me to respond to your questions regarding Tables 3.1 and 3.2 of the District's Plan for Services (see attached fax). Please make appropriate changes to these tables in the Plan for Service.

Valley District and the San Bernardino Valley Water Conservation District "Conservation District") both are entitled to exercise powers expressly granted or necessarily implied from their respective authorizing statutes. (Water Code §§ 71590 (Valley District), 74501 (Conservation District)).

In addition, both districts are entitled to make surveys and investigations of water supplies and resources. The Water Conservation District Act grants that power expressly. (Water Code § 74520). The Municipal Water District Act grants that power as a necessary incident of other, more general, grants of authority to acquire water resources and to sell surplus water. (Water Code §§ 71610 (acquisition of water), 71612 (sale of surplus water), 71590 (grant of powers necessarily implied)). A district would only acquire water or attempt to sell surplus water after undertaking such surveys and investigations of water supplies and resources that might be needed to determine the quantity of water resources to be acquired or sold. This interpretation of the Municipal Water District Act is confirmed by paragraph XIII(a) of the Western Judgment, which directs Valley District and Western Municipal Water District of Riverside County to "make such measurements and furnish such information" as the Watermaster charged with administering that judgment may require for the implementation of the Western Judgment.

Please feel free to call if you have any further questions.

Very truly yours,

DOWNEY BRAND LLP

David R.E. Aladjem

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Enclosure

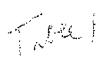


Table 3.1 of Muni Plan for Service

Service	Water Conservation District Law	Municipal Water District Law of 1911
Appropriate, acquire, and conserve water and water rights	Yes 74521, 74522	Yes 71610 (store, spread, sink, recycle, recapture), 71691
Sell, deliver and distribute water	Yes 74526	Yes 71611, 71612
Construct, operate and maintain hydroelectric power facilities Flood Control	Yes 74510 Yes 74524	Yes 71662, 71663
Construct, acquire, maintain and operate recreational facilities	Yes 74540	Yes 71660
Implement Urban Water Conscrvation Programs	No	Yes 71610.5
Make surveys and investigations of water supply and resources	Yes 74520	No

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2. Table 3.2 of Muni Plan for Service

Power/Authority	Water Conservation District Law	Municipal Water District Law of 1911
Enter into contract for water and other related facilities	Yes 74501, 74591	Yes 71592, 71691
Issue bonds	Yes 74507	Yes 71800 et seq.
Levy and collect a Groundwater Charge	Yes 74508	No
Set water rates	Yes 74527	Yes 71614-16
Exercise the right of eminent domain	Yes 74550, 74553	Yes 71690-94

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Commence, intervene in proceedings related to water rights adjudication	Yes 74641,74643	Yes 71751, 71757
Exercise powers expressly granted or necessarily implied	No Yes - 74501	Yes 71590, 71592
Make surveys and investigations of water supply and resources	Yes 74520	No

Tom Dodson

From:

Doug Headrick [douglash@sbvmwd.com]

Sent:

Thursday, May 31, 2007 4:55 PM

To:

tda@tstonramp.com

Subject:

Example RFP for EIR Consultant

Attachments: Example RFP for Consolidation EIR.doc

Tom,

As requested I have attached the example RFP we developed from one of our formats.

Let me know if there is anything we can do.

Thanks,

Doug

REQUEST FOR PROPOSALS

ENVIRONMENTAL IMPACT REPORT (EIR)

FOR THE CONSOLIDATION OF THE SAN BERNARDINO VALLEY WATER

CONSERVATION DISTRICT AND THE SAN BERNARDINO VALLEY MUNICIPAL WATER

DISTRICT

SUBMISSION DEADLINE:

FEBRUARY --, 2007

SUBMIT PROPOSALS TO:

Local Agency Formation Commission 215 North D Street, Suite 204 San Bernardino, CA 92415-0490 Attention: Kathleen Rollings-McDonald The San Bernardino County Local Agency Formation Commission (LAFCO) is seeking a firm to prepare an Environmental Impact Report (EIR) for the consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District. Your firm has been identified as one to whom this Request For Proposals is being sent by the LAFCO. We are therefore seeking the following items, which must be submitted **no later than 5:00 p.m. on Friday, February**, **2007** in order to be considered:

1)	Five (5) copies of your proposal.	Please also e-mail your proposal by the
	deadline to:	

- A statement that you can prepare the EIR for this project and adhere to a specified time frame. We anticipate selecting a firm and awarding a contract for this project in March 2007; work will commence as soon as contract details have been finalized.
- 3) A proposed fee, assuming the items noted later in this RFP. The fee proposal shall be broken down by task which should at a minimum include the following categories: EIR preparation: project description, initial study, screencheck draft EIR, draft EIR, final EIR / Response to Comments, Mitigation and Monitoring Plan, Statement of Overriding Considerations, and preparation of all required notices and distribution of documents, and attendance at a specified number of meetings to include: _____ The preparation of a project description and initial study should be included in the cost bid for purposes of this submittal. [TDA to prepare Initial Study???]
- 4) A list of the sub-consultant firm(s) you propose to use, if any, and their proposed fees.
- 5) A brief scope of services, and proposed time frames for the following:

Preparation of a Project Description and Notice of Preparation.

Completion of any required technical studies which may include but not limited to: (1) Traffic Study (Note: It has not been determined if a Traffic Impact Analysis, in accordance with the requirements of the County's Congestion Management Program, is required); (2) Noise Study; (3) Air Quality Study; (4) Etc.

Preparation of a Screencheck Draft EIR.

Preparation of a Draft EIR incorporating staff's comments.

Responding to comments received on the Draft EIR.

Preparation of a consolidated Final EIR incorporating all Responses to Comments and changes as made by LAFCO.

Preparation of a Mitigation and Monitoring Plan and Statement of Overriding Considerations.

A Notice of Completion.

Distribution of all copies of the Draft EIR sent to the public, the state, and responsible agencies.	
Attendance of at least hearing before	
Your scope of services should include reviewing all of the following environmental topics is accordance with the California Environmental Quality Act:	in
Aesthetics/Light & Glare Impacts; Agricultural Resources; Air Quality; Biological Resources; Cultural Resources; Soils/Geology;	
Hazards and Hazardous Materials; Hydrology and Water Quality; Land Use and Planning; Mineral Resources; Noise;	
Population and Housing; Public Services (Water, Sewer, Storm Drainage, Police/Fire, etc.); Recreation; Transportation/Circulation;	
Utilities and Service Systems (Water, Sewer, Storm Drainage, Electricity, Natural Gas, etc.);	
A range of project alternatives, including "No Project"; All other topical sections required by CEQA.	

6) Clarity of writing is extremely important to our Department. Submit writing samples in the following areas. Your samples will be judged on clarity, on the ability to explain complex ideas and technical information to the average reader, and on a lack of "jargon" and overly technical language.

A sample of the narrative portion of a "Summary" section of a Final EIR your firm has prepared within the last two years, or any other section of a Final EIR your firm has prepared within the last two years which you feel highlights your firm's writing and graphic abilities. **The author must be currently employed by your firm.** Do not send the entire document.

- 7) The proposal should include provision for a "Project Coordinator" who will oversee the project throughout the EIR process. This position will serve as an extension of LAFCO Staff.
- 8) A listing of your firm's standard cost schedule, including hourly rates for various staff categories and any flat rates for subcontracted work.
- 9) Typical response times for preparation of an EIR of this type.

- 10) Identification of any available insurance coverage (e.g., Errors and Omissions, Liability) the firm may have.
- 11) Any additional information that would reflect on your firm's ability to perform the planning and environmental documents of the scope described in this RFP.
- 12) A list of any work you have performed within the last five (5) years involving any of the following:
- 13) A list of any pending or settled legal challenges involving environmental documents prepared by your firm for a public agency, and describe in brief how your firm responded to these challenges.
- 14) Signature line, with name and title of signatory.

PROJECT DESCRIPTION

The following is a summary of the proposed project. As with any project of this size, you should anticipate that some changes will occur as the review and approval process proceeds forward.

Project Description:

Required Approvals:

IMPORTANT INFORMATION TO CONSIDER IN YOUR RESPONSE



We suggest that you consider the following before preparing your response to this RFP. Any questions about the following information should be forwarded to:

Writing Quality

Recognizing that the primary role of CEQA is to inform the public and decision-makers, our Agency places primary emphasis on technical correctness and clarity of writing. Your firm must be able to demonstrate the ability to write in a clear, uncomplicated style which explains environmental issues, highlights important information, and demonstrates the significance of the information. Documents which simply reiterate technical reports, which use technical jargon, or which fail to explain to the reader why an issue is being discussed and how it is important, will be judged to fail our writing test.

Staff Responsible for Performing Work

LAFCO believes that individuals, rather than firms, are ultimately the most important element in a project team. The RFP should list as references projects which were conducted by staff members still with your firm. We are particularly interested in the qualifications of these persons—those who will be doing the work—rather than a listing of projects completed by past staffs. If the staff persons who prepared a document are no longer with your firm, or if they will have only a management role, please do not list the projects for which they were responsible.

1 Public Meetings:

- Notices and Mailings: The consultant will be required to review and supplement as necessary to meet legal, procedural and other reasonable requirements, LAFCO's list of persons and agencies to be notified of the EIR documents and related public hearings. Based on the list recommended by the consultant, LAFCO will mail and arrange for newspaper publishing of all required hearings and mailing of public notices. LAFCO will be responsible for mailing all draft and final documents to persons on the mailing list. The consultant will provide the necessary copies of documents for staff and public review and mailing.
- 3 <u>Meetings with LAFCO staff</u>: Meetings with LAFCO staff to obtain information and to review the draft environmental documents will be scheduled by the consultant.
- 4. <u>LAFCO Staff Support and Management</u>: Consultants should not expect or plan for LAFCO staff to collect information or provide other work product support for environmental

impact reports; this is the job of the consultant. LAFCO staff will, however, provide reasonable assistance in terms of any available information, and will provide timely response to requests for comments on draft documents.

- 5. <u>Typical Products and Schedule for Completion</u>: The consultant will provide the following reports to the LAFCO Executive Officer. These reports will be due on the dates in the schedule for completion, prepared at the start-up meeting with LAFCO staff.
- a. Weekly verbal status reports, starting one week after execution of the approved contract.
- b. A Preliminary Screenchecks, Revised Screenchecks, and Drafts of the Environmental Impact Report and other documents (including the Response to Comments and Final EIR). Documents will be re-reviewed and resubmitted until staff is satisfied that they meet LAFCO's requirements.
- Document Format & Number of Copies: All reports are to be submitted in 8½" x 11" size, single-sided loose-leaf binder format, suitable for photocopying. All graphics, figures, maps, charts, etc., must be reduced to an 8½" x 11" format unless agreed upon in writing by LAFCO. All documents shall be clear and well-written (*please refer to discussion of Writing Quality in this Request for Proposals*). Maps and diagrams shall be professionally prepared originals or clean copies, and are subject to LAFCO approval; unintelligible photocopies of existing maps or plans will not be acceptable.

Additionally, LAFCO will require that the Draft and Final EIR documents be prepared in ______, or on an approved, equivalent IBM compatible software, and shall also be submitted in a digital format, and on compact discs in a pdf format. The consultant is responsible for submitting three (3) copies of the Administrative Draft environmental document, and Draft and Final documents in three ring binder form.

* The consultant must specify the total number of copies of the Draft and Final EIRs that are included in the proposal for distribution through the entire entitlement process.

Additional costs should be itemized by line item for the following:

	Hourly rate for additional work beyond the described scope of work;		
	Any additional charges not identified in the Scope of Work outlined above but		
recommended by the Consultant as necessary to complete the EIR to meet the requirements			
of the California Environmental Quality Act;			
	The costs for attending additional meetings (assume three hour average meeting time,		
and add in any travel costs).			

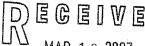
The budget submitted as part of the proposal should estimate costs of the individual tasks outlined in the scope of work; i.e., traffic, drainage studies, etc.



San Bernardino Valley Municipal Water District

1350 SOUTH "E" STREET - P. O. BOX 5906 - SAN BERNARDINO, CALIFORNIA 92412-5906 -(909) 387-9200

FAX (909) 387-9247



March 19, 2007

LAFCOSan Bernardino County

Ms. Kathleen Rollings-McDonald Executive Officer San Bernardino County Local Agency Formation Commission (LAFCO) 215 North "D" Street, Suite 204 San Bernardino, CA 92415-0490

Subject: Response to Departmental Review Committee (DRC) Findings

Dear Ms. Rollings-McDonald,

We are in receipt of your letter dated February 20, 2007 regarding findings from the Departmental Review Committee (DRC) conducted on January 25, 2007. Enclosed with this letter are three memos responding to the specific requests for information in your letter. These memos correspond to the issues raised by the City of Highland, the Center for Biological Diversity, and your request for the status of the litigation filed by the Water Conservation District challenging Valley District's adoption of Resolution 924.

Our staff continues to work closely with the San Bernardino County Surveyor's Office and your staff to complete the requested revisions to the map and legal description submitted with the application for consolidation. Good progress has been made and we expect to be able to deliver the final version of the map and legal description to your office no later than March 30, 2007.

Please feel free to contact me if you need further information.

Very truly yours,

General Manager

Directors and Officers



555 Capitol Mall, 10th Floor Sacramento, CA 95814

P: 916/444-1000 F: 916/444-2100 downeybrand.com

David R.E. Aladjem daļadjem@downeybrand.com



LAFCO San Bernardino County

March 19, 2007

VIA HAND DELIVERY

Kathleen Rollings-McDonald, Executive Officer Local Agency Formation Commission for the County of San Bernardino 175 West Fifth Street, Second Floor San Bernardino, CA 92415-0490

Re: Response to the Center for Biological Diversity's Letter Regarding LAFCO 3076

Dear Executive Officer Rollings-McDonald:

This letter addresses the fifth item listed in your February 20, 2007 letter, in which you requested a response to the Center for Biological Diversity's ("Center") letter of January 17, 2007 setting forth the Center's concerns regarding the proposed consolidation of San Bernardino Valley Water Conservation District ("Conservation District") and San Bernardino Valley Municipal Water District ("Valley District").

Your February 20 letter states that the Local Agency Formation Commission for the County of San Bernardino ("LAFCO") will prepare an EIR at Valley District's expense. This should allay the Center's concern regarding the type of environmental review to be performed under the California Environmental Quality Act, Public Resources Code sections 21000 *et seq.* ("CEQA"). Because preparation of an EIR is no longer an issue, the rest of this letter addresses the specific concerns that the Center raised in its January 17 letter.

I. Groundwater Recharge

The Center stated that its largest concern involves continued groundwater conservation efforts. The proposed consolidation would not impact water conservation activities. If the consolidation were to occur, Valley District would continue to recharge the groundwater basin in the same fashion as the Conservation District. San Bernardino Valley Municipal Water District, Plan for Service, Proposed Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District ("Plan for Service"), 11-12. The Conservation District's recharge activities are now dictated by an annual groundwater management plan, pursuant to the Settlement Agreement between the Conservation District, Valley District, and Western Municipal Water District of Riverside County. *Id*; Report of Advisory Committee for LAFCO 2919 ("Advisory Committee Report"), 11; Settlement Agreement Among San Bernardino Valley Water Conservation District, San Bernardino Valley

Municipal Water District and Western Municipal Water District of Riverside County, Exhibit A. A consolidation would have no impact on the terms of the Settlement Agreement or the annual groundwater management plans and, thus, no impact on how Valley District would carry out the Conservation District's current replenishment activities in the basin. Plan for Service, 11-12.

Moreover, consolidation would have no effect on the existence of the Conservation District's pre-1914 water rights. If the rights exist, they are property rights and, thus, are transferable to the Conservation District's successor entity. See Plan for Service, 11 (explaining transfer of water rights after consolidation); see also Advisory Committee Report, 4 (finding that the pre-1914 water rights could be transferred to a successor agency following consolidation); see also Gov. Code § 56886 (property rights are transferable as a part of a governmental reorganization). Valley District has every financial incentive to rely upon such rights (again, assuming they exist) instead of paying the large expense associated with importing State Water Project water. Plan for Service, 12. If these rights do not exist, the consolidation will have no effect.

II. Groundwater Assessment

The Center's statement that "[r]eplacing a metered assessment with a property tax would eliminate any incentive to limit groundwater withdrawals" is inaccurate. In fact, there is no correlation between the groundwater assessment and the amount of water pumped from the basin.

In the year 2000, the Conservation District assessed groundwater producers \$1.25 per acre-foot ("af") for water pumped for agricultural purposes and \$4.50 per af for non-agricultural purposes. The Conservation District gradually raised its rates over a four-year period and in 2004 the groundwater assessment rate was \$1.65 per af for water pumped for agricultural purposes and \$6.05 per af for non-agricultural purposes. Thus, the rate for agricultural pumping increased by a total of 32% and the rate for nonagricultural pumping increased by a total of 34%. If there were a correlation between the groundwater assessment and water conservation, pumping should have decreased in response to these rate increases. Instead, total extractions by the City of Redlands and East Valley Water Districts, the two water purveyors that comprise most of the area subject to the Conservation District's pump tax, were virtually unchanged between 2000 and 2004. The report by the Court-appointed Western-San Bernardino Watermaster shows that, from 2000 to 2004, the City of Redlands extracted 30,080 af in 2000; 26,016 af in 2001; 31,237 af in 2002; 31,301 af in 2003; and 33,193 af in 2004. Similarly, East Valley Water District extracted 20,530 af in 2000; 20,253 af in 2001; 20,465 af in 2002; 20,558 af in 2003; and 22,760 af in 2004. In short, the Conservation District raised the costs it imposed on groundwater pumpers from 2000 to 2004 by about one-third, but groundwater pumpers did not reduce the quantity of water that they extracted. This conclusion disproves that the Center's claim about the potential impacts of eliminating the pump tax.

III. Upper Santa Ana River Wash Land Management Plan ("Plan B")

Contrary to the Center's concern, the future success of Plan B is not contingent upon whether a consolidation occurs. If the consolidation occurs, Valley District is legally obligated to cooperate in the CEQA documentation and implementation of Plan B. See Plan for Service, 14 (discussing completion of Plan B following consolidation). Valley District has voluntarily entered into a contract with the City of Redlands in which Valley District agreed to these terms following consolidation. Id.; Memorandum of Understanding Relating to Service Review by LAFCO of the San Bernardino Valley Water Conservation District, 5; see also Advisory Committee Report, 8 (recognizing that Valley District has agreed to work cooperatively toward completion of Plan B). Indeed, Valley District has even agreed to take over the Conservation District's role as the lead agency for the purposes of CEQA. Memorandum of Understanding Relating to Service Review by LAFCO of the San Bernardino Valley Water Conservation District, 5. Thus, it is clear that Plan B will proceed as planned, regardless of whether a consolidation occurs.

Moreover, Valley District does not have a unilateral right to amend Plan B. The actual language of the agreement between Valley District and the City of Redlands reads "[n]othing in this MOU shall prevent the Parties from amending Plan B in cooperation with other Plan B member agencies to be consistent with the Seven Oaks Accord or other efforts cooperatively to manage water in the Bunker Hill Basin." Memorandum of Understanding Relating to the Service Review by LAFCO of the San Bernardino Valley Water Conservation District, 5. This plain language demonstrates that the right to amend Plan B is a right shared with *all* of the parties involved in Plan B's development and implementation: Cemex, the City of Highlands, the City of Redlands, the County of San Bernardino, Robertson's Ready Mix, East Valley Water District, Redlands Utilities Department, San Bernardino County Flood Control District, and the United States Bureau of Land Management. *Id.*; Agreement to Form the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan Task Force, 1.

IV. Protection and Conservation of Natural Resources

The Center states that consolidation of the Conservation District with Valley District could result in "[t]he potential loss of 100,000 acre-feet of water that is principally used for wildlife enhancement." The Center erroneously implies that 100,000 acre-feet of water per year is currently being used for wildlife enhancement. It is not. The water that the Center questions is a portion of the water that the Conservation District identified in its original filing of water right application number 31371 ("Application 31371") for wildlife enhancement purposes. However, on January 15, 2003, the Conservation District filed a letter with the State Water Resources Control Board ("SWRCB") withdrawing this portion of its water right application. Letter from D. Burnell Cavender, to M. Moody (Jan. 15, 2003) ("The Conservation District wishes to revise its Application, by eliminating the 70,000 acre-feet component previously included for environmental and habitat enhancement.") Thus, the Conservation District abandoned any future plans to divert the water referred to in the Center's January 17 letter; consequently, the proposed

consolidation will have no impact on the amount of water available for wildlife enhancement purposes.

V. Effects of Consolidation on the Santa Ana River

The Center expresses concern that consolidation will reduce the amount of water in the Santa Ana River between Seven Oaks Dam and the Cuttle Weir. Again, there is no basis for this concern.

As mentioned above, whether or not the proposed consolidation occurs, all diversions by the Conservation District are subject to the terms of the annual groundwater management plan. Water that the groundwater management plan calls on to be spread at the Conservation District's spreading grounds will continue to flow from Seven Oaks down to the Cuttle Weir because that is the most efficient way to move water to the spreading grounds. The quantity and release rates of such water will also be determined by the groundwater management plan, regardless of whether or not the consolidation takes place. Thus, the consolidation will have no effect on flows in the Santa Ana River between Seven Oaks Dam and the Cuttle Weir.

VI. Further Concerns

The Center expresses its concerns with the financial analysis presented in the Plan for Service submitted to LAFCO by Valley District. The Center believes that the analysis provided in the Plan for Service inadequately addresses some key financial issues and an EIR should be prepared that includes mitigation measures to ensure that the Conservation District's activities are not jeopardized. In fact, as noted above, LAFCO has stated its intent to prepare an EIR to determine the environmental impacts of the consolidation. However, Valley District submits the following response to the specific financial related concerns from the Center in support of its application for consolidation.

First, even though overwhelming evidence was presented at the LAFCO 2919 Municipal Service Review for the Conservation District supporting the financial benefits of a consolidation with Valley District, LAFCO is not required to base its decision on proposed savings. California Government Code Section 56881(b)(1) states that LAFCO must only make a determination that public service costs of a proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service. That said, Valley District is confident, and the Plan for Service substantiates, that costs savings are guaranteed through a consolidation of the two districts. See Plan for Service 23-32 (analyzing financial aspect of the proposed consolidation).

The savings in outside consultant costs derived from a consolidation is questioned by the Center. However, a common sense approach was taken when considering efficiencies associated with the consolidation of the two districts. First-hand knowledge of the office work requirements was used to determine how much of the current Conservation District staff time would be "freed up" as a result of a consolidation. For example, staff time spent in the a) development of the Annual

Engineering Investigation, b) preparation of Board packets, c) support of Board and Board Committee meetings, d) administration of groundwater assessment notices and collection procedures, and e) support of Board member trip scheduling, will all be virtually, if not completely, eliminated as a result of the consolidation. *See* Plan for Service at 26-27 (identifying cost savings following consolidation); *see also* Advisory Committee Report, Attachment 3, 1-2 (Advisory Committee Accepted Report of Financial Analysis of Consolidation). This "freed up" staff time, made available through the consolidation, will be fully utilized by Valley District on projects, thereby offsetting consultant costs.

This savings in consultant costs does not require "perfect redundancy" of the consultant tasks between the two districts as suggested in the Center. It is probable that certain consultant costs associated with Conservation District projects like the Wash Plan will continue for some time after the consolidation is completed. However, one cannot overlook the obvious elimination of a significant number of administrative and professional tasks currently being performed by Conservation District staff when determining the efficiencies of consolidation. Further, the Conservation District has stated recently that it intends to combine the two unfilled positions of Assistant General Manager and Director of Land Resources into a single position. This action taken by the Conservation District will reduce, by approximately one-third, any perceived sensitivity to the consultant cost reductions.

The Center also suggests that the Conservation District could, on its own, reduce expenses associated with legal support and meals and lodging, thereby negating a portion of the savings of a consolidation. While it is admirable to suggest that the Conservation District would begin to fully realize its obligations to its customers and cut spending, that has not occurred in the past even after protests from its customers who pay the groundwater assessments that fund these expenditures. Even more important from a financial perspective, but not mentioned by the Center, is the savings in legal and professional engineering costs associated with water rights that would be derived from a consolidation. The Conservation District's efforts to disrupt the ongoing water rights process on the Santa Ana River has resulted in the needless investment of millions of dollars spent to make sure that the public's resource, Santa Ana River water currently not captured for use in the San Bernardino Valley, is utilized to provide the maximum benefit to the people of the San Bernardino Valley. These savings, although verifiable, were not included in the Plan for Service to ensure that a conservative financial approach was presented to LAFCO.

The possible threat to continued recharge operations as a result of the consolidation is also alleged by the Center. This suggestion is based on the purported sensitivity of the financial benefits from the consolidation due to changes in the surplus derived from organizational efficiencies and the annual mining revenue. However, the Conservation District's own FY 2005-2006 financial data presented during the LAFCO 2919 Municipal Service Review reveals that only \$652,420 in annual expense is associated with groundwater recharge activities. At this level of expenditure, mining revenues could be reduced by over 50% of their current level and still

maintain the recharge functions performed by the Conservation District once a consolidation is implemented.

VII. Conclusion

Valley District strongly believes that the consolidation of the Conservation District with Valley District is in the best interests of the San Bernardino Valley, both from an environmental and a financial standpoint. If you desire any further information from Valley District regarding the proposed consolidation, please do not hesitate to contact me.

Very truly yours,

DOWNEY BRAND LLP

David R.E. Aladjem

Cc: Adam Keats, Center for Biological Diversity
Randy Van Gelder, General Manager, Valley District
Douglas Headrick, Deputy General Manager, Valley District
Robert Reiter, Watermaster
Lawrence Libeu, General Manager, Conservation District
Jess Senecal, Lagerlof Senecal Gosney & Kruse LLP
Clark Alsop, LAFCO Legal Counsel, Best Best & Krieger LLP
Ross Jones, City of Highland

DREA: mrf



San Bernardino Valley Municipal Water District

1350 SOUTH "E" STREET - P. O. BOX 5906 - SAN BERNARDINO, CALIFORNIA 92412-5906 -(909) 387-9200 FAX (909) 387-9247



March 19, 2007

LAFCO San Bernardino County

Ms. Kathleen Rollings-McDonald Executive Officer San Bernardino County Local Agency Formation Commission (LAFCO) 215 North "D" Street, Suite 204 San Bernardino, CA 92415-0490

Subject: Response to Departmental Review Committee (DRC) Findings

Dear Ms. Rollings-McDonald,

We are in receipt of your letter dated February 20, 2007 regarding findings from the Departmental Review Committee (DRC) conducted on January 25, 2007. The District is pleased to submit the following response to your request for additional information regarding the City of Highland (City) letter submitted to LAFCO.

The City's January 17, 2007 letter to LAFCO states that the City of Highland opposes the consolidation of the San Bernardino Valley Water Conservation District (Conservation District) and San Bernardino Valley Municipal Water District (Valley District) because of the potential for this action to negatively impact the continued formulation and approval of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan (Wash Plan). Valley District and the City of Redlands, a Wash Plan member, recognized the importance of completing the Wash Plan in a Memorandum of Understanding (MOU) executed on August 2, 2005. The MOU states, "The Parties shall work cooperatively towards the expeditious completion of the environmental document for the Santa Ana River Wash Plan ("Plan B") and the subsequent implementation of Plan B." Therefore, Valley District has a contractual obligation to complete the Wash Plan once a consolidation is implemented and will meet the obligation by immediately assuming the lead agency status.

The City of Highland believes that Conservation District Staff will be distracted from the Wash Plan by the consolidation process resulting in a delay in the Wash Plan process. First of all, the Conservation District has hired consultants to perform the majority of tasks associated with the Wash Plan, with little support from their own staff. Furthermore, the Wash Plan has been an active program for more than a decade with multiple schedule delays along the way. Even today, the schedule continues to be extended, at times, on a day for day basis. This is not to in any way impugn the Conservation District and their consultants as to their efforts in this regard. However, it is hard to imagine how the consolidation could impede the progress of the Wash Plan further. As stated in the Plan for Service submitted to LAFCO, Valley District will

Directors and Officers

immediately upon consolidation dedicate the resources necessary to accomplish this important project.

The City of Highland also believes that the consolidation could cause key staff members to seek other employment leading to the loss of historical context. Whether due to the proposed consolidation, or other considerations, almost all Conservation District staff knowledgeable of the Wash Plan have already left the District for other opportunities. Therefore, there is no remaining threat that the consolidation could, in fact, lead to the loss of key Conservation District employees. Moreover, there is currently more years of direct Wash Plan experience on the Valley District staff than on the Conservation District staff, which may actually speed up the process.

In summary, Valley District is committed to an efficient transition of duties and responsibilities of the Conservation District, including the Wash Plan, once the proposed consolidation is implemented by LAFCO. Valley District is fully prepared to immediately assume the lead agency status and pursue the timely completion of the effort.

Very truly yours,

Randy Van Gelder, General Manager



Outline of San Bernardino Valley Water Conservation District v. San Bernardino Valley County Municipal Water District, San Bernardino Sup. Ct. No. SCVSS145224.

On February 23, 2007, San Bernardino Valley Water Conservation District ("Conservation District") voluntarily dismissed with prejudice its lawsuit against San Bernardino Valley Municipal Water District ("Valley District") following a demurrer by Valley District. Thus, the lawsuit is no longer pending and the Conservation District cannot re-file against Valley District. The following sections set forth the chronology of events and the arguments in San Bernardino Valley Water Conservation District v. San Bernardino Valley Municipal Water District.

I. Filing of Lawsuit

The Conservation District filed a Petition for Writ of Mandate and Preliminary Injunction ("Petition") against Valley District on December 21, 2006. The Petition alleged only one cause of action: that Valley District violated the California Environmental Quality Act, Public Resources Code sections 21000 *et seq.* ("CEQA"). The Conservation District argued that Valley District should have performed environmental review under CEQA prior to adopting Resolution No. 924, which directed the General Manager of Valley District to submit an application ("Application") to LAFCO proposing that LAFCO initiate proceedings for the consolidation of the Conservation District and Valley District pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code sections 56000 *et seq.*

II. <u>Valley District's Demurrer</u>

On January 31, 2007, Valley District demurred to the Conservation District's Petition ("Demurrer"). In its Demurrer, Valley District presented the following arguments:

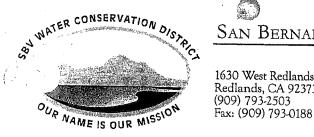
- A. CEQA is inapplicable to the facts at hand.
 - 1. The submission of the Application is not a "project" under CEQA because the Application merely brings the question of consolidation to LAFCO; it will not and legally cannot effectuate a consolidation.
 - 2. The mere filing of the Application does not constitute an essential or irrevocable step toward consolidation because LAFCO has complete control over the consolidation decision and discretion to condition the consolidation.
- B. The Conservation District's Petition did not allege any potential environmental effects that will result from Valley District's submission of the Application and, thus, Valley District's activity falls within the "common-sense" exemption to CEQA, California Code of Regulations, title 14, section 15061(b)(3) ("CEQA Guidelines"), which applies when it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

- C. Even if Valley District's submission of the Application could constitute an essential step towards consolidation, the consolidation would be exempt from CEQA review.
 - 1. Section 15061(b)(3) of the CEQA Guidelines exempts the Application from CEQA review because no physical impacts on the environment would result from a consolidation.
 - 2. Section 15320 of the CEQA Guidelines exempts changes in organization such as consolidations.
 - 3. Section 15378(b)(5) excludes from CEQA review organizational activities similar to the consolidation of the Conservation District and Valley District.

III. The Conservation District's Voluntary Dismissal with Prejudice

Instead of opposing Valley District's Demurrer, the Conservation District voluntarily chose to dismiss its Petition with prejudice on February 23, 2007. Thus, the litigation is no longer pending and the Conservation District cannot re-file the lawsuit against Valley District.

ATTACHMENT 2







San Bernardino Valley Water Conservation District

Established 1932

1630 West Redlands Boulevard, Suite Alnformation presented to Redlands, CA 92373-8032 (909) 793-2503

the Commission at the Redlands, CA 92373-0581 Email: info@sbvwcd.dst.ca.us www.sbvwcd.dst.ca.us

P.O. Box 1839

LAFCO hearing.

September 19, 2005

Local Agency Formation Commission County of San Bernardino 175 West Fifth Street, Second Floor San Bernardino, CA 92415-0490

Lafco San Bernardino County

Dear Members of the Commission and Executive Officer McDonald:

The purpose of this letter is to provide comments regarding the Local Agency Formation Commission's ("Commission" or "LAFCO") proposed determination under the California Environmental Quality Act ("CEQA") for actions under Agenda Item #7 for its September 21, 2005 meeting. Under Agenda Item #7, LAFCO will consider whether to take the first step towards ultimate consolidation of the San Bernardino Valley Water Conservation District ("Conservation District") with the San Bernardino Valley Municipal Water District ("Muni"). Under CEQA, LAFCO must therefore consider the potential environmental effects of consolidation of the Conservation District with Muni. 1

The Conservation District believes LAFCO Staff's recommendation to the Commission for compliance with CEQA is legally inadequate for the proposed action, in several respects. As an initial matter, Staff improperly segments the Commission's CEQA evaluation by limiting the scope of its CEQA consideration to the "designation of a zero sphere of influence" for the Conservation District, rather than evaluating consolidation and the actions that would occur along with it. By failing to require proper analysis in an Environmental Impact Report ("EIR"), Staff's recommendation fails to recognize the potentially significant impacts associated with a decision to consolidate. Muni has unequivocally signaled it will make material changes in groundwater management if it assumes the role currently occupied by the Conservation District, many of which are described in the Draft EIR for the "Santa Ana River Water Rights Applications for Supplemental Water Supply." (Attached as Exhibit 1.) Those changes, too, must be addressed in the EIR.

Overall, we believe LAFCO's proposed CEQA finding fundamentally mischaracterizes the scope and importance of a potential action to consolidate. Case law indicates such an approach not only violates CEQA, but it also deprives the Commission and the public of the opportunity to understand the potential results of the contemplated decision.

¹ The CEQA Guidelines define "project" to mean "the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment..." (CEQA Guidelines §15378(a).) "Project" is given a broad interpretation in order to maximize protection of the environment. (McQueen v. Board of Directors, 202 Cal.App.3d 1136, 1143 (1988).) In general, an agency must fully analyze each "project" in a single document to ensure that "environmental considerations do not become submerged by chopping a large project into many little ones, each with a potential impact on the environment..." (Burbank-Glendale-Pasadena Airport Authority v. Hensler, 223 Cal.App.3d 577, 592 (1991).)

Improper Segmentation of CEQA Analysis

A lead agency is not permitted to segment its project into different parts in order to avoid analyzing its overall effect. By focusing narrowly on "designation of a zero sphere of influence," the staff recommendation seems to ignore the very real impacts of this project. In this case, it is not disputed that the sphere designation is the first discretionary action in LAFCO's consideration of the consolidation of the Conservation District into Muni. Under settled CEQA authority, when a decision is the first step in implementing a discernible change, administrative or otherwise, which may result in an impact to the environment, the environmental effects of the ultimate outcome of the action must be addressed when the first action is taken. If LAFCO is to assign the Conservation District a zero sphere, that time is now.

With the scope of the Commission's action properly framed in terms of whether to begin the process of consolidation, the Commission should delay any decision until an EIR has been prepared. "A basic tenet of CEQA is that an environmental analysis should be prepared as early as feasible in the planning process to enable environmental considerations to influence project program and design and yet late enough to provide meaningful information for environmental assessment." (Laurel Heights Improvement Assn. v. Regents of University of California, 47 Cal.3d 376, 395 (1988).) Moreover, lead agencies must prepare environmental documentation as early as feasible, to enable environmental considerations to influence proposed projects. (CEQA Guidelines Section 15004(b)(2).) As described herein, sufficient information is available now—in the Muni draft EIR, the MOUs, and other sources—to permit meaningful analysis of the impacts of the project. Therefore, prior to taking the contemplated action to designate a zero sphere of influence, the Commission must evaluate potential environmental impacts of consolidation in an EIR, and consider feasible mitigation measures and alternatives.

Project Has Potentially Significant Environmental Impacts

Staff proposes that the actions of the Commission be determined to be exempt from environmental review under CEQA Guidelines Section 15061(b)(3), which exempts activities, "[w]here it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." (Guidelines Section 15061(b)(3), emphasis added.) Staff's proposal in this regard is contrary to CEQA. Such a determination may be appropriate for a status quo sphere determination, such as LAFCO implemented with the Chino Basin Water

² As stated in the memorandum for Agenda Item #7: "If the Commission supports the staff's position that the concept of basin-wide water conservation entity should be pursued, it is recommended that it support the ultimate consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District, by taking the following actions: ..." (Staff Memorandum for Agenda Item #7, p. 1 emphasis, added.) Thus, the Staff Memorandum clearly indicates that the actions under consideration on September 21, 2005 are the first step in, and are part of the same project as, the ultimate consolidation of the Conservation District with Muni.

³ Caselaw has clearly established that actions of a Local Agency Formation Commission are subject to CEQA review. In City of Livermore v. Local Agency Formation Commission, 184 Cal.App.3d 531 (1986), the court addressed whether the act of a Local Agency Formation Commission ("LAFCO") amending its guidelines qualified as a project under CEQA. The amendment to the LAFCO guidelines added certain language and deleted the following statement: "Existing and future urban development areas belong in cities." (Id. at 536.) LAFCO argued that the amendments did not qualify as a "project" because they constituted ministerial policy changes. (Id. at 539.) On appeal, the court found that the guideline amendments fit within CEQA's definition of project because "they are a discretionary project of a public agency that will unquestionably have an ultimate impact on the environment." (Id.)

Conservation District previously. It is inappropriate here, however, where a change in who conducts groundwater recharge will lead to a change in what is recharged, how much, or both.

Potential impacts from consolidation are clearly evident from the scope of the Memorandum of Understanding ("MOU") entered into between Muni, Western, and the City of Riverside, approved by Muni on September 14, 2005 (a copy of which is attached to the Staff Report as a part of Attachment 4).

The MOU describes some of the changes that would occur if Muni were to take over recharge activities due to consolidation. These include withdrawing the Conservation District's water rights application before the State Water Resources Control Board, ("State Board"), and storing imported water in the basin for sale to Riverside. These actions are linked to consolidation, as the MOU directly states in its introduction that it relates to LAFCO's service review of the Conservation District and indicates that a portion, if not all, of the elements of the MOU are contingent upon LAFCO's decision as it relates to consolidation.

Therefore, in considering potential environmental impacts of consolidation, LAFCO must take into account the actions Muni has indicated it will take. As the proposed entity responsible for managing groundwater, Muni's MOU suggests it will reduce the quantity of water recharged or, to the extent that recharge continues, it will substitute lower quality water from the State Water Project for higher quality water from the Santa Ana River.

Reduction of Recharge and Loss of Groundwater Supply

The Conservation District has two appropriative licenses from the State Board, to spread up to 10,400 acre feet of Santa Ana River Water per year. The Conservation District also has historically exercised pre-1914 rights to divert native water on the Santa Ana River for recharge. Under these rights, the Conservation District has regularly spread well in excess of 10,400 acre feet of Santa Ana River water per year, and since 1969, has averaged over 15,000 acre feet per year. (Exhibit 2) This undisputed spreading is the existing environmental condition against which LAFCO's action must be measured, to determine the existence of environmental impacts. (CEQA Guidelines Section 15125.)

The Conservation District has filed its application No. 31371 with the State Board, to confirm its pre-1914 rights in the quantity of 39,600 acre feet per year. The MOU provides that, should consolidation occur, Muni will withdraw the Conservation District's water right application relating to the Santa Ana River. (MOU, p. 7, Section 2(e).) Muni has previously taken the position that the Conservation District does not possess any pre-1914 rights, and Muni does not, itself, possess any water rights on the Santa Ana River. Absent the application, and in light of Muni's specific denial of the existence of the Conservation District's pre-1914 rights, naming Muni as successor agency to the Conservation District would have the effect of reducing available diversions from the Santa Ana River for recharge to only 10,400 acre-feet per year.

⁴ The Conservation District's application is to confirm, not establish, the pre – 1914 right. Muni has repeatedly gone on record that no such rights exist. As an example, in its comments on the draft Environmental Impact Report ("DEIR") prepared to evaluate the potential impacts of the Conservation District's project to confirm its pre-1914 rights, Muni stated, "As described herein, the Conservation District: does not possess any pre-1914 rights." (Exhibit 3, p.1)

This would significantly reduce groundwater supplies, because recharge by the Conservation District from the Santa Ana River over the past 35 years has exceeded this amount. (Exhibit 2).⁵

Any reduction in groundwater supply in the San Bernardino Basin would create a significant environmental impact. As evident from the table below taken from Western Watermaster reports, over the past decade, groundwater extractions from the San Bernardino Basin have increased steadily, indicating that recharge of high quality groundwater will continue to be an important factor in maintaining groundwater supply. (The Western Judgment Watermaster Reports are attached as Exhibit 4.)

Year	TABLE 1 Total Extractions	Precipitation (inches)
	(afy)	*
1990	222,947	8.12
1991	226,726	15.48
1992	231,336	16.54
1993	239,279	30.78
1994	257,396	11.65
1995	245,666	24.1
1996	262,377	11.92
1997	258,368	-
1998	260,942	32.67
1999	268,221	8.02
2000	260,990	16.85

When evaluating this issue, the Commission should be cognizant that Muni has no obligation under the Western Judgment to make up for this loss of recharge. Under the Western Judgment, Muni must maintain "safe yield" by importing water from the State Water Project to the extent that overlying water users pump in excess of their allocation; however, the Western Judgment does not contain any requirement that Muni make up for a reduction in recharge (as would occur from consolidation). As referenced in prior comments submitted by the Conservation District, the practical effect of the legal arrangements of the Western Judgment is that Muni can meet all requirements even while groundwater levels in the Basin are falling. This is evident from the draft EIR issued as part of its water rights application, which states that the San Bernardino Basin is some 150,000 acre feet below the base year level established by the Western Judgment. At the same time, Muni claims some 270,000 acre feet of accumulated credit against its recharge obligation under the Western Judgment. Even if Muni were to have an obligation to maintain groundwater levels, as opposed to "safe yield," there is no indication that it has the ability to do so. An EIR must consider what would happen if Muni/Western's water

⁵ Muni/Western has filed an application with the State Board for additional water rights, which if successful, may result in additional water it could bring to the recharge task. The outcome of this application is presently unknown, however. Thus, a "No Project" scenario of examining the Conservation District's present recharge program, and impacts to the basin based on alternative recharge scenarios (including recharge limited to Muni's exercising only the Conservation District's 10,400 acre feet of license rights, since Muni presently has no rights of its own) is required to assess environmental effects. This is precisely what an EIR would do, but Staff's suggested use of a statutory exception cannot.

rights application were denied, after Muni has disavowed pre-1914 rights the Conservation District presently exercises in the Basin.

Likewise, the Conservation District's Mill Creek recharge facilities are proposed by Muni to be transferred to Redlands, under the Muni/Redlands MOU already in the record. If Muni takes over the Conservation District's Mill Creek water rights, but gives away its Mill Creek recharge facilities, an EIR must address what replacement facilities, or other physical arrangements, Muni will undertake in utilizing these rights. Otherwise, it must address the consequent reduction in Mill Creek recharge.

In short, no evidence exists in the record of these proceedings that Muni can maintain the groundwater supplies in the San Bernardino Basin as the Conservation District presently does. The Commission must prepare an EIR to evaluate these significant impacts.

Degradation of Water Quality in the San Bernardino Basin

Section 4(b) of the MOU includes a provision to import additional State Water Project water into the San Bernardino Basin for later delivery to the City of Riverside. An increase in recharge with State Water Project water has the potential to result in a significant impact on groundwater quality. This impact is due to the higher levels of Total Dissolved Solids ("TDS") found in State Water Project water, as compared to water from the Santa Ana River. A compilation of water quality testing, performed by Metropolitan Water District of Southern California at the Henry Mills Treatment facility, of State Water Project water from the East Branch supply (the same import supply utilized by Muni), over the period of August 1979 to April 2005, shows TDS levels as high as 455 milligrams per liter, with a mean TDS over the same period of 267 milligrams per liter. (See Exhibit 5.) In contrast, a study performed by CDM for East Valley Water District, dated March 2005, concludes that water from the Santa Ana River averages about 200 milligrams per liter. (See Exhibit 6, Section 2.1) The fact that substituting State Water Project water for Santa Ana River water can result in a significant impact on groundwater quality is apparent from the DEIR prepared for Muni/Western's project, which found a significant impact on groundwater quality. (Exhibit 1, p. 3.2-27.)

Additional Environmental Impacts

Consolidation could be expected to impact a number of environmental areas. Changes in groundwater management, for example, may impact in-stream flows, contaminant plumes, and biological resources. While it is difficult to anticipate the specific impacts associated with consolidation due to lack of environmental analysis, the potential for these impacts with Muni managing groundwater is apparent in the DEIR prepared for Muni/Western's project.

In summary, LAFCO is legally required to comply with CEQA. We believe in this case CEQA requires LAFCO's preparation of an EIR to describe the significant effects on the environment resulting from consolidation, and ultimately Muni's proposal to significantly

⁶ Specifically, Section 4(b) states in pertinent part: "The Parties shall engage in good-faith negotiations with the goal of reaching a long-term agreement relating to the purchase, storage, and sale to Riverside by Western of imported water stored in the San Bernardino Basin."

modify water management in the upper Santa Ana River area, prior to issuing a decision leading to the consolidation of the Conservation District with Muni.

Sincerely,

David B. Cosgrove General Counsel

List of Exhibits

- Draft Environmental Impact Report and Community Report; Santa Ana River Water Rights Applications for Supplemental Water Supply (on CD-Rom)
- 2. Conservation District Recharge Chart
- 3. August 27, 2004 letter to Lawrence Libeu, Comments on Draft Environmental Impact Report
- 4. Western San Bernardino Watermaster Judgment Agreements/Amendments and Annual Reports
- 5. Compilation of Metrolitan Water District of Southern California Water Quality Testing, Table "D," from August, 1979 to April, 2005
- East Valley Water District, Plant 134 Treatability Study of Seven Oaks Dam Discharge, CDM, March 2005



CENTER FOR BIOLOGICAL DIVERSITY

January 17, 2007

via electronic mail

Local Agency Formation Commission for the County of San Bernardino 175 West Fifth St., Second Floor San Bernardino, CA 92415-0490 lafco@lafco.sbcounty.gov



San Bernardino County

Re: LAFCO Application 3076: Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District

Dear LAFCO Staff and Commissioners:

The Center for Biological Diversity is a non-profit, public interest environmental organization dedicated to the protection of native species and their habitats through science, policy, and environmental law. The Center has over 30,000 members throughout California and the United States. The Center submits the following comments on the above-referenced application to consolidate the San Bernardino Valley Water Conservation District ("Conservation District") with the San Bernardino Valley Municipal Water District ("Muni") on behalf of our members, staff, and members of the public with an interest in protecting the native species and habitats of San Bernardino County.

The Center is concerned with the environmental consequences that might result from the approval of this application and hereby requests environmental review pursuant to the California Environmental Quality Act ("CEQA"). Pub. Res. Code § 21000 et. seq. The consolidation of these two districts is a project as defined by CEQA with environmental consequences that must be disclosed, analyzed and mitigated in an Environmental Impact Report ("EIR").

Central to the CEQA process is the requirement that the public agency carrying out or approving a project with potential significant adverse environmental effects prepare an EIR. Pub. Res. Code § 21080(d). An EIR is a "detailed statement" that identifies a project's significant environmental effects, identifies alternatives to the project, and indicates how the project's significant environmental effects can be mitigated or avoided. Pub. Res. Code §§ 21002.1(a); 21061.

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Potential Effects of Consolidation of the Conservation District into Muni

The Center is concerned about the potential environmental consequences of a consolidation of the two districts. These potential effects must be identified, analyzed, and mitigated in an EIR prepared pursuant to CEQA. While this list is by no means exhaustive, some of these potential effects are as follows:

Groundwater Recharge

Perhaps the biggest effect of consolidation would regard the Conservation District's core function: the conservation of local groundwater. One way the Conservation District accomplishes this goal is by diverting water from the Santa Ana River into percolation basins that allow the water to return to the groundwater aquifer. The Conservation District has two licenses from the State Water Quality Control Board to divert up to 10,400 acre feet a year of water, and also has pre-1914 water rights of up to 39,600 acre feet a year. Muni has challenged these pre-1914 water rights and stated in its MOU with the City of Riverside that it would withdraw the Conservation District's water rights application (the District had filed the application to confirm the pre-1914 rights). As the Conservation District informed LAFCO during the sphere of influence discussions: "in light of Muni's specific denial of the existence of the Conservation District's pre-1914 rights, naming Muni as the successor agency to the Conservation District would have the effect of reducing available diversions from the Santa Ana River for recharge to only 10,400 acre-feet per year." Although Muni, in its proposal, suggests that the loss of these rights will have "no detrimental" effect "because it does not interfere with the existing 10,400 acre-foot licenses held by the Conservation District," this misses the point. The Conservation District's application is to secure its rights to water beyond its current 10.400 acre-feet per year. The consolidation would result in their rights being limited to this amount, a clear impact on the environment that must be discussed in an EIR.

Groundwater Assessment

Another consequence of consolidation would be the elimination of the Conservation District's groundwater assessments. This assessment is paid by the water service customers, mostly cities and other water agencies, who use the water stored by the Conservation District, and is directly related to how much water they draw. Muni, on the other hand, does not have the legal right to charge such an assessment, so funding for groundwater recharge activities would have to come from some other place if consolidation were to occur. Muni's funding source is through property taxes, which are completely disconnected from water use. Replacing a metered assessment with a property tax would eliminate any incentive to limit groundwater withdrawals. Muni's other suggested funding source, a fund created by the surplus generated by the consolidation, is suspect, as described below. Eliminating the Conservation District's current funding source is a significant environmental impact that needs to be identified and analyzed in a CEQA document.

Upper Santa Ana River Wash Land Management Plan ("Plan B")

The Conservation District is the initiator and lead agency of a major habitat conservation plan in the area, "Plan B," a multi-agency effort to harmonize competing land uses like mining, habitat

conservation, and water conservation. Muni was originally a participant in the Plan B process, but did not take an active role and eventually withdrew from participation, "claiming that Plan B was a disguised attempt by the Conservation District to increase its water rights." As the City of Highlands continues in its letter dated September 20, 2005 (submitted as part of its comment on the sphere of influence proposal): "Muni's unwillingness to cooperate in this important multiagency effort, until the specter of increased power and authority to be achieved by taking over the Conservation District was raised, appears disingenuous." The Conservation District was equally concerned with the possibility of Plan B failing if the agencies are consolidated: "this initiative will be significantly hampered, even lost, if the District is consolidated with Muni."

Although Muni states that it will work for the "expeditious completion of the environmental documents...and subsequent implementation" of Plan B, it specifically reserves the right to try to amend it. As stated above, both the Conservation District and the City of Highland have expressed grave concerns about the success of Plan B if consolidation were to take place. Muni's open disgust with Plan B, and the Conservation District and the City of Highlands' concerns with the potential impact of consolidation, raise significant questions that need to be fully identified and analyzed through adequate environmental review pursuant to CEQA.

Protection and Conservation of Natural Resources

In its letter dated August 27, 2001, withdrawing from the Plan B process, MUNI stated that the Conservation District's "recent filing of a water-rights application to appropriate more than 100,000 acre-feet of water annually for use principally in wildlife habitat enhancement activities skews this public debate dangerously away from the principles of balance and accommodation." It is apparent that Muni disfavored the wildlife enhancement activities being proposed by the Conservation District. What these efforts were, and what would happen to them after consolidation, are subjects that need to be identified and analyzed through environmental review pursuant to CEQA. The potential loss of 100,000 acre-feet of water that is principally used for wildlife enhancement requires CEQA review.

Effects of Consolidation on the Santa Ana River

Muni's proposal does not address a major possible impact to the Santa Ana River caused by consolidation: namely, the likely possibility that once it secures the Conservation District's water rights (or eliminates the Conservation District's claims to pre-1914 water), Muni will store additional water behind the Seven Oaks Dam for distribution, reducing the flow of the river below the dam. While it might be more economical for Muni to distribute water directly from the dam, the river below the dam is a vital ecosystem that depends on water flowing downriver. The Conservation District's water claims and recharge activities currently require the water to flow downriver, benefiting the river ecosystem between the dam and the recharge activities. Consolidation's potential impact to this ecosystem is a significant impact that requires CEQA review.

Further Concerns

Muni's proposal is almost entirely focused on the supposed financial benefits of consolidation. These benefits, however, do not withstand an initial scrutiny. Muni calculates that consolidation will save almost \$700,000 in spending per year, and will only cost the agencies \$475,000 in revenue per year (because of the loss of the Conservation District's primary funding mechanism). This results in an annual gain for the consolidated agency of \$225,000.

Although \$700,000 in savings per year is certainly attractive, Muni's calculation is suspect. Over half of these savings are to come from a reduction in the "consultants" line-item (\$430,000), yet the Conservation District currently only budgets \$211,500 for consultants. Muni calculates that the additional \$218,500 in savings on consultants will come from their budget, through an offset of 50% of the salary rate for three professional positions in the Conservation District. Presumably, these employees, currently working for the Conservation District, will eliminate the need for some consulting work by Muni once they become Muni employees. But this is pure speculation, not supported by any detailed discussion in the proposal. Muni's numbers require not only perfect redundancy between the two sets of consultants (to completely eliminate the Conservation District's \$211,500), but the faith that the workload of the three Conservation District employees will actually be reduced by 50%, allowing them to absorb \$218,500 worth of work currently being performed by Muni consultants. This is too large an assumption to present without evidence, especially when Muni claims that all the functions of the Conservation District will be maintained.

Other line-items that deserve scrutiny are the \$90,000 in savings under legal and \$58,500 in savings in meals and lodging. Neither of these expenditures is as big as the consultant line-item, but they also rest on predictions that are likely optimistic, without sufficient evidence. And both represent figures that could achieve savings without the drastic measure of consolidation: the Conservation District could alter its meals and lodging rules to reduce its \$58,500 in spending, and the legal budgets of both districts would likely be significantly reduced if Muni were to abandon its goal of consolidation.

The \$225,000 surplus is an important figure because it represents the budget for the segregated Basin Management Account (added to the mining revenues), which would exclusively fund the Conservation District's current recharge activities. As the proposal discusses, the mining revenues are not entirely stable, and would likely go down in the future. If Muni's figures (especially regarding the consultant line-item) are off, even by a small amount, the Conservation District's recharge activities could be jeopardized. An EIR needs to be prepared that discusses these possibilities, with mitigation measures included that ensure that the Conservation District's activities will not be jeopardized.

Conclusion

The Center believes that, given the evidence presented in this proposal, as well as the evidence presented in the earlier Sphere of Influence review, that consolidation would cause significant adverse impacts to the environment. These impacts need to be disclosed, analyzed, and

mitigated by LAFCO before they undertake any decision to consolidate. The proper form for this consideration is an EIR prepared pursuant to CEQA.

The Center would like to be informed of any actions, meetings, or decisions on this matter. Please keep this office on any mailing list for this and any related issues.

Thank you for your time and consideration on this matter.

Sincerely,

Adam Keats Staff Attorney

Center for Biological Diversity



LAFCO

San Bernardino County

January 17, 2007

Kathleen Rollings-McDonald **Executive Director**

Local Agency Formation Commission

215 N. "D" Street. Suite 204 San Bernardino, CA 92415-0490

www.ci.highland.ca.us County of San Bernardino

Mayor Ross B. Jones

City Council

27215 Base Line Highland, CA 92346

(909) 864-6861

FAX (909) 862-3180

Mayor Pro Tem Penny Lilburn

Larry McCallon Jody Scott John P. Timmer Re:

LAFCO 3076 - Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District

Dear Ms. Rollings-McDonald:

City Manager Joseph A. Hughes As you are aware from past correspondence to LAFCO from the City of Highland, the City of Highland is and continues to be opposed to the consolidation of the San Bernardino Valley Water Conservation District into the San Bernardino Valley Municipal Water District. At its meeting of January 9, 2007, the City Council again directed that correspondence be forwarded to the Local Agency Formation Commission stating our opposition to LAFCO item No. 3076 as described above

The City of Highland's reasons for opposition continue to be as stated in our correspondence dated January 4, 2006, a copy of which is attached for your reference. The highest priority of the City of Highland continues to be the completion of the Plan B process as it relates to planning for the ultimate approval and implementation of the Santa Ana River Wash Land Management and Habitat Conservation Plan and the related land exchange. The City of Highland believes that the best interests of the citizens of Highland would be best served by allowing the San Bernardino Valley Water Conservation District to complete that task and not be distracted by the proposed consolidation process and related staff and organizational upheaval.

The City is aware that LAFCO has determined that the proposed consolidation would not be implemented until after July 1, 2007 assuming that the Plan B process would be completed by that date. However, recent information

LAFCO 3076 January 17, 2007 Page 2

developed by project staff in concert with staff from the Resource Agencies would suggest that the completion date is March 31, 2008. Past experience with the State and Federal Resource Agencies has shown that this date may need to be slipped a little further for the project to ultimately be completed. It is in the local agencies best interest to have Plan B completed at the earliest possible date. The proposed consolidation is an unnecessary distraction at this time and all consideration of this issue should be delayed until Plan B is finally completed.

At this time, the City of Highland would request that any action related to this proposed consolidation be delayed until Plan B has been completed and ultimately approved and the related land exchange is approved through Congress. The City of Highland believes that this action would be in the best interest of the City and its citizens and in the best interest of the region as a whole. There is no prevailing reason why this matter needs to be rushed through.

Sincerely,

Ross B. Jones

Mayor, City of Highland

Attachment

CC:

Members of the City Council w/Attach

Joe Hughes w/attach

RBJ:jh:jj



SENT VIA FACSIMILE (909) 387-5871 & HAND DELIVERED

January 4, 2006

27215 Base Line Highland, CA 92346 (909) 864-6861 FAX (909) 862-3180 www.ci.highland.ca.us Kathleen Rollings-McDonald

Executive Director

Local Agency Formation Commission

County of San Bernardino

175 West Fifth Street, Second Floor San Bernardino, CA 92425-0490

Mayor Ross B. Jones

City Council

Re:

LAFCO 2919 -- Service Review and Sphere of Influence Update for San

Bernardino Valley Water Conservation District

Mayor Pro-Tem Larry McCallon

Dear Ms. Rollings-McDonald:

Penny Lilburn Jody Scott John P. Timmer

Please find attached, the City of Highland's points of concerns regarding the consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District as requested. The reason for the concerns of the City Council is that it has gone on record that the Wash Plan is the most important project currently being processed. It has assets that will serve the community in the long term. Therefore, the Council has directed staff to give it priority over other projects as the various components are submitted for review.

City Manager Sam J. Racadio

Please feel free to contact Sam Racadio, City Manager at (909) 864-6861 extension 203 if you have any questions.

Respectfully,

John Timener

LAFCO 2919 Committee Representative

Member of the City Council

Attachment

pc:

Mayor and Members of the City Council (w/ attach.)

Sam Racadio, City Manager (w/ attach.)

JT:sr:rch

LAFCO 2919

Service Review and Sphere of Influence Update San Bernardino Valley Water Conservation District

The following are concerns of the City of Highland if the San Bernardino Valley Water Conservation District (the "District") and the San Bernardino Valley Municipal Water District (the "Muni") were to be consolidated into one entity before the Wash Plan is approved by the various parties/signatories of the Memorandum of Understanding as well as U.S. Department of Interior, Fish and Wildlife Services and the California Department of Fish and Game [the "Wash Plan" consists of: 1) the NEPA/CEQA environmental document, 2) the HCP, and 3) exchange of property between BLM and the two mining operators, and 4) the mining application being processed by the Cities of Highland and Redlands.]

- 1. The District's Focus on the Wash Plan Would Be Elsewhere If the consolidation were to begin before the Wash Plan was completed, staff of the District would probably focus its energy to fight the consolidation. This would be valuable time lost and could compromise the effort to date. If the consolidation occurs before the Wash Plan, staff of the District would probably focus less on completing the Plan and more on finding financial security knowing their future employment would be uncertain.
- 2. <u>Keeping Key Staff Members May Be Difficult If Consolidation Were to Move Forward</u>
 Knowing the consolidation of the two entities is inevitable, key staff members would probably begin to seek employment elsewhere. The loss of key staff members of the District would be difficult to replace given the historical context of the Plan and the various players involved.
- 3. The Political Support By Muni's Board is Uncertain Muni was once part of the Plan and for whatever reason they elected to pull out. It is questionable whether the Plan would be a priority and dedicate its time and that of staff to complete it. In addition, its political agenda to move forward with the Wash Plan may be contradictory to that of the District's position that the Plan is important to the valley in many ways.
- 4. Priority of the Board and Staff of Muni May Be less than That of the District Even if Muni feels the Plan is of value to the valley, staff may other priority issues to complete the Plan and thereby focus on other assignments which would delay the approval of the Plan.
- 5. <u>Completion Date of the Wash Plan Is Unknown</u> To establish a date as to when the Wash Plan will be completed is unrealistic as well as the date to begin consolidation. The completion of the Wash Plan's HCP is at least twelve months out per Fish and Wildlife. Therefore, to establish a date of December 31, 2006, may be unattainable.
- 6. <u>Change in Lead Agency May Delay the Wash Plans Approval</u> It is unknown as to the process to transfer the NEPA/CEQA lead agency's responsibilities and what complications would result from such a change, if any. Considerable more time would be necessary to analyze this issue than has been allotted.